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ABSTRACT

This document reports the text and analysis of the proposed Job Training and Basic Skills Act of 1992. The purpose of the act is to provide improved job training and education services to economically disadvantaged persons most in need of assistance. The act would maintain the federal-state-local partnership of the Job Training Partnership Act, while making changes in the program's eligibility rules to target services to those persons facing serious and multiple barriers to employment, with increased emphasis on long-term retention in employment. This report summarizes the legislation; provides its history and background; states the views of the agencies involved; provides a cost estimate and a regulatory impact statement; includes a section-by-section analysis to the bill; and supplies committee views, additional views, and necessary changes in existing law. (KC)

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**Calendar No. 430**

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SENATE

Report
102-264

# JOB TRAINING AND BASIC SKILLS ACT OF 1992

March 25, 1992.—Ordered to be printed

Mr. Kennedy, from the Committee on Labor and Human
Resources, submitted the following

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## REPORT

together with

## ADDITIONAL VIEWS

[To accompany S. 2055]

The Committee on Labor and Human Resources to which was referred the bill (S. 2055) having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

CONTENTS

| | | Page |
|---|---|---|
| I. | Introduction | 1 |
| II. | Purpose and summary | 2 |
| III. | History of legislation | 3 |
| IV. | Background and need | 5 |
| V. | Agency views | 13 |
| VI. | Cost estimate | 16 |
| VII. | Regulatory impact statement | 18 |
| VIII. | Section-by-section analysis | 19 |
| IX. | Committee views | 39 |
| X. | Additional views | 59 |
| XI. | Changes in existing law | 67 |

## I. Introduction

The Job Training and Basic Skills Act of 1991 is focused on improving the delivery of services to economically disadvantaged adults and youth under Title II of the Job Training Partnership Act.

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One of the unique features of the Job Training Partnership Act (JTPA) is that it is permanently authorized. After enactment of JTPA in 1982, the Committee on Labor and Human Resources conducted extensive oversight of the program's implementation but agreed to resist making significant amendments too early in the statute's history.

JTPA has now completed 9 full program years, and is generally viewed as a successful public-private partnership that has placed a substantial number of disadvantaged individuals into permanent, unsubsidized jobs. Nonetheless, the Committee believes that numerous issues have emerged which require attention.

## II. Purpose and Summary

As the Nation moves into the 21st century, we must be prepared to face global competition by addressing the needs of our evolving workforce. If we are to continue to compete successfully in a world market, we must increase the productivity of our workforce, we must recognize the social, economic and demographic changes taking place, which have created a more diverse and less prepared labor pool.

Changing social mores, economic realities, and shifting demographics have combined with the slow population growth of the "post baby-boom" era to create a more diverse workforce. Indeed, 80 percent of the Nation's workforce growth rate from 1980 to the year 2000 will be due to increases in the number of women, minorities and immigrants entering the workforce. These are groups that generally have received less education and typically have been the least prepared for work. Significantly, these are also groups who have historically been subject to discrimination.

As manufacturing jobs decline during this same period, an increasingly service-oriented economy will place new, broader educational demands on the workforce. What were once considered low-skilled jobs are now being replaced by jobs which require more communication, decision-making, and specialized skills. Employment in professional positions is projected to grow by 5.2 million over the next decade, while employment in operative and labor positions is projected to grow by only 1.3 million. The new professional positions will require much higher levels of basic and occupational skills than in the past.

Our new workers must be properly educated and trained to participate fully and productively in an increasingly high-tech economy. The person who cannot read, compute, or communicate will be effectively disenfranchised from the labor force.

One major concern of the Committee is the significant unemployment among low-income youth, especially dropouts. Youth who drop out of school are automatically disadvantaged in the labor market. Even those youth who earn a high school diploma face limited employment and earnings opportunities without further education. Current trends indicate that fewer than 30 percent of today's high school students will get a college degree. The William T. Grant Foundation, in its report, "The Forgotten Half: Non-College Youth in America," painted a bleak picture of the income and employment situation for non-college bound youth. This is particularly true for low-income youth, and unemployed and unmarried young parents—a group characterized by the Foundation as the "truly disadvantaged." As these young people start families of their own, another generation is born at risk of poverty and dependence.

The growing economic plight of our young workers and their families provides further evidence of the need to strengthen our Nation's job training system. As documented in a recent Children's Defense Fund study, "Vanishing Dreams," the real median income of families with children headed by persons under age 30 plunged by 26 percent between 1973 and 1989. A major reason for this decline is the decrease in earnings of young parents without a college education. It is essential that this deterioration of the economic status of young families be reversed.

It is the purpose of S. 2055, the Job Training and Basic Skills Act of 1991, to provide improved job training and education services to those economically disadvantaged individuals most in need of assistance. Building upon the experience and success of past years, S. 2055 seeks to strengthen employment and training programs established under title I, title II, and title IV of JTPA.

S. 2055 maintains the Federal-State-local partnership and as the public-private partnership that provide the foundation for the JTPA system. It makes significant changes in program eligibility rules to target services on those persons facing serious and multiple barriers to employment. It revises JTPA's focus on placement and cost outcomes in the performance standards by increasing the emphasis on educational and workplace competencies and long-term retention in employment. It improves program quality by stressing more intensive, comprehensive and coordinated services and mandates that both basic and occupational skills service be made available to all program participants who need them. Finally, S. 2055 seeks to strengthen the capacity of the JTPA system to serve in-school and out-of-school youth who are at risk of chronic unemployment.

The Job Training and Basic Skills Act of 1992 seeks to ensure that individuals served under JTPA will not simply be placed in a job, but instead will be provided the training and basic skills necessary for a lifetime of productive work. This goal, if achieved, will not only contribute to alleviating poverty and unemployment but also will improve the productivity and overall competitiveness of the Nation.

## III. HISTORY OF LEGISLATION

S. 2055, the Job Training and Basic Skills Act of 1992, represents the culmination of legislative activity begun in the 101st Congress. In early 1988, the first hearings were held on this issue. Since then, a total of 17 hearings were held in the Senate and House of Representatives. Below is a brief summary of the history of this legislation.

During the 100th Congress, the Subcommittee on Employment and Productivity conducted hearings on the subject of youth employment under Title II of the Job Training Partnership Act. Hearings were held on February 2, April 27, June 8 and September 22,

1988. Among the witnesses were the Secretary and Assistant Secretary for Employment and Training of the U.S. Department of Labor, representatives of the JTPA system, local, county and State government organizations and associations, State and local elected officials. Also represented were the education community, the private sector, youth foundations, public/private partnership programs serving youth, the research community and youth interest groups.

On March 18, 1989, Senator Simon introduced S. 543, the Job Training Partnership Act Youth Employment Amendments of 1989. Senators Kennedy and Mikulski were original co-sponsors of the bill. After the bill's introduction, the Subcommittee on Employment and Productivity held six hearings on S. 543 on March 9, March 16, March 30, April 24, May 1, and May 11, 1989. The witnesses included the Secretary and Assistant Secretary for Employment and Training of the U.S. Department of Labor, representatives of the JTPA system, local, county and State government associations, State and local elected officials, representatives of the education community, the private sector, public/private partnership programs serving youth, the research community and youth interest groups. Additional testimony was received from Senator Lautenberg, members of the JTPA Advisory Committee, community-based organizations, the vocational rehabilitation community, representatives of State and local government and Native American associations.

On July 12, 1989, Senator Hatch and Senator Thurmond introduced S. 1300, the "Job Training Partnership Act Amendments of 1989" on behalf of the Department of Labor.

On July 26, 1989, an amendment in the nature of a substitute to S. 543 was ordered reported favorably by the Committee on Labor and Human Resources. The substitute version of S. 543 incorporated several new provisions based on testimony, S. 1300, and comments and suggestions from the education and job training communities, in an effort to strengthen and improve the original provisions of S. 543. The substitute also renamed the original bill the "Job Training and Basic Skills Act of 1989".

In October, 1990, the bill passed the Senate by a vote of 95-1 as an amendment to the Departments of Labor, Health and Human Services and Education and Related Agencies appropriations bill. A similar House measure, the JTPA Amendments of 1989 (H.R. 2039), was passed by a vote of 416-1. However, a conference was not convened and the 101st Congress adjourned without taking final action.

The issue of JTPA amendments was again taken up in the 102nd Congress. On June 6, 1991, Senator Thurmond introduced the "Job Training Partnership Act Amendments of 1991" (S. 1404) which was transmitted to the Congress by the Honorable Lynn Martin, Secretary of Labor. Senator Hatch co-sponsored S. 1404. On November 26, 1991, Senator Simon introduced the "Job Training and Basic Skills Act" (S. 2055) which incorporates several of the provisions of the administration's bill. Senators Kennedy and Thurmond were original co-sponsors of the bill. Like S. 543 in the 101st Congress, S. 2055 seeks to strengthen employment and training assistance programs and to improve the targeting of services to economically disadvantaged youths and adults.

A companion bill, the "Job Training Reform Amendments" (H.R. 3033), was introduced in the House by Representative Perkins on July 25, 1991. Representatives Ford, Goodling and Gunderson were original co-sponsors. On May 30, 1991, Representative Goodling introduced H.R. 2496, the "Job Training Partnership Act Amendments of 1991", which was transmitted to the Congress by the Honorable Lynn Martin, Secretary of Labor.

In addition to the numerous hearings held by the House and Senate in the 101st Congress, the House conducted hearings during the 102nd Congress. Witnesses testifying before the House Subcommittee on Employment Opportunities included: the Honorable Lynn Martin, Secretary of Labor; Julian De La Rosa, Inspector General of the Department of Labor; representatives of the General Accounting Office; and representatives of the National Association of Counties, National Alliance of Business, National Governors' Association, National Council on Aging, the Commission on the Skills of the American Workforce, the National Commission for Employment Policy, and Operation ABLE. Witnesses for states and local areas included: representatives of state and local education and vocational education offices, the Concentrated Employment Programs, community-based organizations, proprietary schools, a local service delivery area, a local private industry council, a local public welfare agency, a non-profit literacy organization, and a local Board of Realtors. National and local representatives of the AFL-CIO also testified before the Subcommittee.

On September 24, 1991, the House Committee on Education and Labor voted to unanimously report H.R. 3033 to the full House for consideration. On October 9, 1991, the House passed the bill by a vote of 420-6.

On March 11, 1992, the Senate Committee on Labor and Human Resources ordered S. 2055 to be reported from the Committee by a voice vote.

## IV. BACKGROUND AND NEED

### HISTORY OF LEGISLATION

JTPA became the Nation's primary employment training program in 1982 (P.L. 97-300), succeeding a series of Federal job training programs dating back to the early 1960's. The first post-World War II job training programs focused on unemployed adults displaced as a result of automation. However, by the mid-1960's, the emphasis had shifted to the needs of economically disadvantaged individuals, particularly minorities and youth.

In the early 1970's, Congress folded a variety of categorical employment and training programs into the Comprehensive Employment and Training Act (CETA). CETA was intended, in part, to transfer greater decision-making authority regarding the design of training programs from the Federal level to local governments. Under CETA, local governments operated training programs for disadvantaged adults and youth, as well as public service employment programs for disadvantaged and unemployed workers.

CETA was amended and reauthorized several times in its history. When the legislation was scheduled to expire at the end of fiscal year 1982, Congress chose to conduct a major re-evaluation of Federal work and training policy, which resulted in the enactment of a completely new program—JTPA.

As enacted in 1982, JTPA differs from CETA in several important ways: it is built upon a partnership between government and industry, rather than controlled by government alone; it includes a major role for State governments; it emphasizes private sector employment rather than subsidized public employment; it encourages education and training and limits the amount of funds that can be used for non-training expenses; and it holds all programs accountable to mandatory performance standards.

In recognition of rising unemployment among skilled workers who were displaced from their jobs during the recession of the early 1980's, JTPA also includes a separate program for dislocated workers. However, the primary beneficiaries of Federal employment and training services continue to be economically disadvantaged adults and youth.

## STRUCTURE OF JTPA SERVICES FOR THE ECONOMICALLY DISADVANTAGED

Under current law, JTPA services for economically disadvantaged individuals are provided primarily through two programs: title IIA, which authorizes a comprehensive range of employment and training services for economically disadvantaged adults and youth; and title IIB, which authorizes a summer jobs program for economically disadvantaged youth. Both of these programs are administered through JTPA's nationwide network of service delivery areas (SDA's) and Private Industry Councils (PIC's).

When JTPA was enacted, all State Governors were directed to divide their States into SDA's, typically local political jurisdictions or consortia of jurisdictions. Currently, there are over 600 SDA's throughout the country.

For each SDA, a PIC is designated by local elected officials. A majority of PIC members, including the chairman, are private sector representatives, and the balance represent education agencies, organized labor, rehabilitation agencies, community-based organizations, economic development agencies, and public employment services. Together with the local elected officials in the area, the PIC plans job training programs, decides what services will be provided, and contracts with job training providers.

## TITLE IIA—ADULT AND YOUTH PROGRAMS

Title IIA is the single largest program authorized by the Act, with fiscal year 1992 appropriations of $1.774 billion. Federal funds are distributed to States by a three-part, equally weighted formula based on the following factors: relative number of unemployed individuals living in areas of substantial unemployment (ASU's), defined as areas with jobless rates of at least 6.5 percent for the previous 12 months; relative number of unemployed individuals in "excess" of 4.5 percent of the State's civilian labor force; and relative number of economically disadvantaged individuals. (An identical formula is used for allotting funds in title IIB.) Each State is guaranteed at least 90 percent of the percentage of the total allotment it received in the previous year.

Of title IIA funds received by each State, 22 percent is reserved currently at the State level and the remaining 78 percent is allocated to SDA's according to the same three-part formula described above. Each SDA is guaranteed to receive at least 90 percent of its average allocation percentage received during the two previous years. Funds reserved for statewide use are divided as follows: 8 percent for education coordination activities; 3 percent for services to older workers; 6 percent for incentive payments to SDA's that exceed performance standards or for technical assistance; and 5 percent for State administration.

Of the funds received by SDA's, at least 40 percent must be used to serve youth, ages 16 through 21. High school dropouts and recipients of Aid to Families with Dependent Children (AFDC) must be served equitably according to their proportions in the local economically disadvantaged population. "Economically disadvantaged" is defined generally as having income no higher than 100 percent of the Office of Management and Budget poverty guidelines or 70 percent of the Office of Management and Budget poverty guidelines or 70 percent of the Bureau of Labor Statistics' lower living standard. AFDC and food stamp recipients are categorically eligible. Up to 10 percent of title IIA participants may be non-disadvantaged if they have some other barrier to employment, such as persons with limited English proficiency, displaced homemakers, school dropouts, teenage parents, individuals with disabilities, older workers, veterans, offenders, alcoholics, addicts, or homeless persons.

Title IIA authorizes a wide range of training and employment-related services, including basic and remedial education, private sector on-the-job-training, job search assistance, occupational skills training, and customized training designed to meet the needs of specific employers. Supportive services such as child care, transportation, and needs-based payments to enable individuals to participate in training programs also are authorized services. No more than 15 percent of funds may be used for local administrative costs, and no more than 30 percent may be spent for the combined costs of supportive services, needs-based payments, and administration.

Mandatory performance standards apply to local title IIA programs. The law states that the return on JTPA's "investment in human capital" is to be measured by increased employment and earnings and reductions in welfare dependency. The law directs the Secretary of Labor to establish specific performance standards, but suggests the following factors for programs serving adults: placement in unsubsidized employment; retention in unsubsidized employment; increases in earnings; and reduction in the number of individuals and households receiving welfare payments an the amounts of such payments.

For programs serving youth, the following additional factors are specified: attainment of employment competencies recognized by the PIC; school completion or its equivalent; and enrollment in other training programs, apprenticeships, or military enlistment. The Secretary also is directed to establish cost standards.

## TITLE IIB—SUMMER YOUTH EMPLOYMENT AND TRAINING PROGRAMS

The summer youth employment and training program authorized by title IIB is administered through SDA's and PIC's. Fiscal year 1992 appropriations for title IIB are $683 million. Most of these funds are allotted to States according to the same three-part formula used in title IIA, and all funds received by States are passed through to SDA's, again using the same three-part allotment formula. A small percentage (approximately 2 percent) of these funds go to Native American grantees under section 401 of the Act.

A wide range of training and employment services is authorized under the summer youth program. These services may include remedial education, institutional and on-the-job training, work experience, counseling, outreach and enrollment, referral and placement, job search and job club activities. Amendments to the title LIB program adopted by Congress in 1986 require that the summer youth program include an assessment of the reading and math skills of eligible participants, and mandate SDA expenditures on remedial education. Most of the summer youth program funds, however, are used to provide work experience with public and nonprofit community agencies. Title IIB funds also may be used for supportive services and wages according to standards established in the local job training plan and these services and wages are not subject to limitations. No more than 15 percent of title IIB funds, however, may be used by the SDA for administration.

All participants must be economically disadvantaged youth ages 16 to 21 years, although youth ages 14 and 15 also may be served at local option. Performance standards do not apply to the title IIB program.

## TARGETING JTPA SERVICES TO THOSE MOST IN NEED

Since enactment of JTPA, a recurring concern has been whether services are adequately targeted to those members of the eligible population who have the greatest barriers to employment and the greatest need for assistance. Approximately 31 million persons are income-eligible for JTPA services nationwide—a number far in excess of the approximately 1.8 million persons who participate in the JTPA program each year. As a result of the large pool of potential program participants, States and SDA's have wide latitude in determining who actually receives services.

Substantial evidence exists suggesting that so-called "creaming" is occurring in the JTPA delivery system. Creaming is the selection of eligible persons who are most ready to be placed into jobs and who have the fewest training needs. For example, the General Accounting Office (GAO), in its June 1989 report, "JTPA Services and Outcomes for Participants With Differing Needs," found that a larger proportion of high school graduates are enrolled in the JTPA program than exists in the eligible population nationwide. In contrast, high school dropouts are substantially under served by JTPA even though dropouts are a group particularly prone to difficulties in the labor market. GAO data show, for example, that only 27 percent of adult JTPA participants are school dropouts. In comparison, it is estimated that 38 percent of adults eligible for JTPA are school dropouts.

The JTPA system appears to do a poor job of recruiting and enrolling persons who have multiple barriers to employment, e.g., a school dropout who is receiving AFDC assistance. GAO compiled information regarding three specific employment barriers: school dropouts, AFDC recipients and those with limited recent work experience. GAO data show that JTPA serves less than 2 percent of the total adult eligible population with at least two of the three employment barriers described above. Yet, the GAO estimates that 26 percent of the total eligible poverty population is characterized by these multiple barriers to employment.

In 1988, the Department of Labor's Inspector General (IG) also reported that despite having achieved a 70 percent "entered employment" rate, the JTPA program is not focusing on hard-to-serve individuals. This is disturbing because this population promises the greatest return on investment in terms of welfare payment savings and increased productivity. Moreover, this population is most in need of employment and training services. Like the GAO, the IG concluded that the program targets participants who are easy to place (60 percent or more are high school graduates). The IG also concluded that the number of participants on public assistance was only slightly reduced, (4.9 percent for adults, no reduction for youth) by the JTPA program.

Because JTPA is serving only 5 percent of the eligible population, eligibility criteria in addition to income level are needed to assure that individuals with the greatest barriers to employment are served. Low-income persons with multiple barriers to employment include those lacking in basic reading and math skills, school dropouts, long-term welfare recipients, individuals with disabilities, homeless persons, individuals unemployed over 6 months, limited-English proficient individuals, and offenders. Additional factors that compound the burden of poverty for young people include poor academic performance and parenthood.

JTPA is the major Federal employment and training program. Therefore, it is important that every effort be made to ensure that the 5 percent of eligible low-income persons who are served be those who would not be able to find jobs without the direct intervention of this program. It is also important to ensure that those served by the JTPA program are provided the basic skills and training necessary to improve their long-term employability and their long-term earning potential. The Committee's recommendations for increased targeting and tightened eligibility rules are intended to achieve these goals.

## IMPROVING THE QUALITY OF JTPA SERVICES

In addition to concerns that JTPA services are not targeted adequately on individuals with the greatest needs, another recurring issue involves the quality and the type of services provided. For example, short-term job search assistance might result in a job placement for some low-skilled individuals, but may not result in job retention. In other words, are JTPA services of sufficient depth and duration to really enhance the long-term employability of disadvantaged workers?

The American Society for Training and Development, jointly with the Department of Labor, identified in a 1988 report the basic workplace skills that today's employers consider essential in their employees. The first priority for employers is attracting workers with basic reading and math skills. Employers, however, also want workers who can learn scientific details on the job. They want workers who listen and communicate well, are able to solve problems and think creatively, have self-esteem, are motivated and have a sense of personal direction. Employers want workers who get along with others, are able to work as a member of a team, are responsible, and motivate others when necessary.

The JTPA is capable of providing this type of basic skills and employability training. However, GAO's research clearly demonstrates that not all participants who need these services are receiving them.

In June 1989, GAO reported that "less job ready" participants (predominantly dropouts, welfare recipients, and minorities) received less intensive JTPA services than more employable participants, even though the "less job ready" participants face greater barriers to employment. For example, while dropouts might be expected to need remedial education to achieve labor market success, GAO found that 88 percent of dropouts served by JTPA received no remedial education at all. Nearly one in three JTPA participants who could be considered most in need received only job search assistance and no other form of training or education.

Further, GAO found that the more disadvantaged individuals were less likely to receive occupational training, and less likely to be trained for higher skill occupations. At the same time, GAO found that individuals trained for higher skill occupations tended to find jobs in those occupations. Higher skill training appeared, therefore, to pay off for those few who received it.

One of the more costly, yet common, types of training service provided through JTPA is on-the-job-training (OJT). During the period of OJT, the JTPA program pays a subsidy that equals 50 percent of the wages paid to JTPA participants hired by the employer. The Department of Labor's IG, as well as the GAO, investigated the use of this subsidy by surveying OJT employers. Approximately 60 percent of all OJT employers say they would have hired the JTPA participant without the wage subsidy. Of the employees surveyed, however, only 66 percent of the adults and 48 percent of the youth were retained after the OJT training ended.

The GAO also noted abuses in OJT services and reported that over 40 percent of OJT was in lower skill occupations, such as custodian, housekeeper, dishwasher, laundry worker, and laborer. While such training may be appropriate for certain individuals, the GAO noted that much of the time spent in OJT "was very likely too long." The Department of Labor estimates that the training period for lower skill occupations should be no more than 30 days or 240 hours. In contrast, the average time for 85 percent of the OJT contracts surveyed was about 585 hours—more than double Department of Labor guidelines.

## THE IMPACT OF PERFORMANCE STANDARDS ON TRAINING

Various factors influence the design and effectiveness of JTPA training programs at the local level. One factor is the statute's lack of guidance regarding program design. A laundry list of services is authorized with no priorities or distinctions among them. Another factor is that program outcomes in the JTPA system, unlike other employment and training programs, are directed by the numerical levels at which performance standards are set. Finally, incentive payments awarded by Governors exaggerate the effects of these performance standards by rewarding only those programs that exceed them.

JTPA performance standards, in particular, have been singled out (by the JTPA Advisory Committee and others) as a powerful factor driving the relatively low-cost, short-term training that typifies JTPA training programs. The majority of the 12 national JTPA performance standards emphasize short-run, termination-based measures of success, including placement rates, wages at placement and cost per individual entering employment.

A prevalent view held by those knowledgeable about JTPA is that the performance standards have created practices of serving those most likely to succeed instead of those likely to benefit the most. Because program "success" is measured by high placements and low costs, SDA's may avoid high-risk clients who may have multiple problems to overcome before they are ready to take a job. Cost standards promote efficiency and accountability, but discourage SDA's from providing the longer term, more intensive training that is needed by the most disadvantaged JTPA clients, but often is more costly to provide.

Currently, there is no way to distinguish between poorly run, high-cost programs and low-cost, quality programs. While our objective should be providing the highest quality training at the lowest cost, incentive payments to SDA's that "beat" the cost standards encourage SDA's to underspend, possibly at the expense of program quality. This underspending may be reflected in the fact that cost per placement in the JTPA system has consistently remained substantially below the standards set by the Department of Labor.

TABLE I.—COST PER ADULT ENTERED EMPLOYMENT

| | National | DOL STD |
|---|---|---|
| Transition year 1983 | $3,308 | 5,900 |
| Program year | | |
| 1984 | 3,195 | 5,704 |
| 1985 | 2,941 | 5,704 |
| 1986 | 2,905 | 4,374 |
| 1987 | 2,777 | 4,374 |
| 1988 | 2,970 | 4,500 |
| 1989 | 3,305 | 4,500 |
| 1990 | 3,991 | (1) |

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[1] By Program Year 1990 it had become clear, through research and experience, that the use of cost standards had the unintended effect of constraining the provision of longer-term training programs in many service delivery areas, and consequently service to the neediest clients. Therefore, the Department of Labor eliminated cost standards beginning in Program Year 1990.

## COMPREHENSIVE AND YEAR-ROUND YOUTH PROGRAMS ARE NEEDED

JTPA currently serves disadvantaged youth through two separate programs: title IIA, which authorizes job training services on a year-round basis; and title IIB, which operates in the summer months and provides unlimited work experience in addition to other forms of training and education. Young people enrolled in one program are not necessarily enrolled in the other.

Out-of-school youth are typically a hard group to recruit and enroll in education and training programs. Nevertheless, their needs are substantial. A 1988 report by the Manpower Development Corporation, Inc., "America's Shame, America's Hope," referred to projections for the year 2000 "that new jobs will require a workforce whose median level of education is 13.5 years. That means, on the average, that the workers who fill these jobs will have to have some college training. Not to be the boss, but just to bring home a paycheck."

JTPA must make greater efforts to serve dropouts, with particular emphasis on out-of-school youth. In program year 1990, approximately 47 percent of the youth participants in JTPA were students and another 27 percent were high school graduates. Only 27 percent were school dropouts.

The complex problems of disadvantaged youth demand a more comprehensive approach than is currently provided by JTPA. Year-round and summer services should assure that the benefits of work experience or training in the summer are maintained throughout the year. Research and numerous demonstration projects consistently have shown that work experience is most valuable when combined with other forms of training or education.

One such analysis in 1980 by Ernest Stromsdorfer at Columbia University, "The effectiveness of Youth Programs: An Analysis of the Historical Antecedents of Current Youth Initiatives in Youth Employment and Public Policy," concluded that work experience alone does not improve the employability or school attendance of youth and may be more effective when combined with such other services as placement assistance and skill training. Stromsdorfer claimed that while skill training is effective, its impact deteriorates over time. To be most effective, skill training must be tied to known job opportunities. This analysis further suggests that success in the workplace is directly related to basic writing, communication and computational skills.

Stromsdorfer's finding were later confirmed in a 1982 GAO study that concluded that the labor market problems of youth are due in large part to a lack of success in school. Another 1982 GAO study concluded that substantial gains in employability for disadvantaged youth are possible through a combination of such services as remedial education, well-structured work experience and training. A more recent study, "Toward a More Perfect Union: Basic Skills, Poor Families, and Our Economic Future," by Gordon Berlin and Andrew Sum, also recommended making "education an integral part of the employment and training services mix." Similar findings have been noted in studies conducted by the Center for Human Resources at Brandeis University, the Manpower Demonstration Research Corporation, and the Northeast-Midwest Institute.

In addition to more comprehensive interventions for out-of-school youth, both preventive and remedial strategies are needed for in-school youth. Preventive services should be targeted on in-school youth at risk of dropping out or otherwise failing in the labor market. Remediation is needed for young people already experiencing difficulties because they dropped out of school or they lack basic skills notwithstanding a high school diploma.

### JTPA SERVICES SHOULD BE COORDINATED WITH OTHER EDUCATION AND TRAINING PROGRAMS

Coordination of related programs has been a long-standing goal of Federal employment and training policy. Unfortunately, this goal has never been fully or consistently realized. JTPA has a number of provisions designed to achieve coordination, including the 8 percent State set-aside for education coordination.

Coordination is needed throughout the JTPA delivery system, at the State and local levels, and with other education and training programs. For example, in 1988, Congress enacted major changes in the AFDC program to enhance the self-sufficiency of welfare recipients through increased training and related activities. This new welfare reform program, known as the Job Opportunities and Basic Skills Training Program (JOBS), has significant implications for the JTPA system, which is already engaged in providing employment and training services to welfare recipients. These two programs should be coordinated to assure maximum use of public resources on behalf of the AFDC population.

Job training services must also be coordinated with education and vocational education. The JTPA Advisory Committee recommended that the traditional distinctions between school-based education and job training services be blurred so that the two systems, together with employers and social service agencies, can develop comprehensive strategies for both in-school and out-of-school youth.

## V. AGENCY VIEWS

DEPARTMENT OF LABOR,
*Washington, DC, March 10, 1992.*

Hon. EDWARD M. KENNEDY,
*Chairman, Committee on Labor and Human Resources,*
*U.S. Senate, Washington, DC.*

DEAR CHAIRMAN KENNEDY: We have had an opportunity to review the amendment in the form of a substitute for S. 2055, the "Job Training and Basic Skills Act," and wish to provide you with our views prior to the markup of this legislation by the Senate Labor and Human Resources Committee. I believe this legislation, which would amend the Job Training Partnership Act (JTPA), would significantly advance the bipartisan objective of making the successful JTPA program even better and more responsive to the labor market of the 1990s. I urge quick Senate action on the measure.

We are pleased with the leadership of the Chair, Senator Simon, Senator Hatch, and Senator Thurmond in moving this important legislation to markup. We wish to acknowledge and commend the Committee's staff—on both sides of the aisle—for their work on the bill. While the Administration has some concerns about certain provisions in S. 2055, we believe the bill represents an important step towards enhancing the employability of economically disadvantaged youth and adults. We are particularly pleased that the bill incorporates the principles that underlie the Administration's proposal, S. 1404, the "Job Training Partnership Act Amendments of 1991," including:

Maintaining the public-private partnership and local flexibility that are the cornerstones of the current JTPA program;

Targeting on youth and adults most at risk of failure in the job market;

Enhancing program quality through individual assessments, service strategies, and addressing basic skills deficiencies;

Increasing program accountability through significant changes to fiscal and administrative provisions; and

Achieving a more comprehensive, coordinated human resource system.

I believe these principles are essential to enhancing the opportunities available to our most disadvantaged and improving the capabilities and productivity of our work force.

As I previously indicated, the Administration does have some concerns with certain provisions of the bill. The primary concerns are:

*State Human Resource Investment Council.* The Administration bill proposed a new State Human Resource Investment Council to provide a focal point at the State level for coordinating human resource development programs and for better integrating services. We understand that the Committee chose to omit this provision from the substitute with the understanding that the issue will be addressed in Conference. We strongly support the establishment of the new council.

*Summer youth.* The substitute retains a separate Summer Youth Program. We believe the summer program should be fully integrated into a year-round youth program. There is no question that combining a summer job with year-round intensive education and training services would significantly enhance the long-term employability and skills development of youth participants to a far greater extent than does a summer job alone.

*Authorization levels.* In light of current budgetary constraints, we are concerned about excessive authorization levels in the bill. In addition to increasing the authorization for the YOU program by $75 million above the President's request for the first year, a separate authorization has been added for an unnecessary replication grants program ($10 million in Fiscal year 1993 and "such sums" thereafter), and a $6 million floor established for the National Occupational Information Coordinating Committee. The bill includes a separate authorization for the Summer Youth Program. Moreover, the substitute strikes the provision that makes funding for Title V contingent on real increases in funding for Part A of Title II. Finally, the bill's declaration of policy on increasing funding levels for

JTPA is also inappropriate in light of the current budget constraints.

*Targeting of funds.* S. 2055 retains the current funding allocation formula for the new adult and youth training programs. This formula allots two-thirds of the funds based on the share of unemployment in an area rather than on the share of eligible economically disadvantaged population that lives in that area. We believe changes to the allocation formula are a key component of improved program targeting and therefore would prefer a formula that would give greater weight to a local area's share of the eligible population.

*Cost categories.* While the bill incorporates the approach of S. 1404 regarding cost categories and limitations, we are concerned that in the "direct training" category the bill includes assessment, case management and counseling. These services are not direct training and should be included in the training-related services cost category.

*Services to older workers.* The substitute retains the current law's State set-aside program for older individuals. We believe the State set-aside program should be eliminated and that older individuals would be better served by the local set-aside proposed in S. 1404.

There are other provisions as well as technical matters we believe should be addressed to improve the bill, the most important of which are described in the enclosure. We would be happy to work with the Committee to address these and other issues in a mutually satisfactory way.

We hope that this important measure will continue to move through the legislative process expeditiously, including Senate floor consideration and conference with the House. I wish to express my appreciation for the cooperation that has been exhibited on all sides in working to enhance the JTPA program.

The Office of Management and Budget advises that there is no objection to the transmittal of this letter to the Congress.

Sincerely,

LYNN MARTIN.

Enclosure.

### ADDITIONAL CONCERNS REGARDING S. 2055

*Job Corps.* We object to unduly restrictive provisions relating to the Job Corps program that would prescribe the payment of management fees for all Job Corps contractors and limit the Secretary's flexibility in enrolling nonresidential students in Job Corps by setting a floor on the number of residential participants at the 1989 level.

*BLS Study.* We are concerned with the requirement that the Bureau of Labor Statistics conduct a feasibility study and report to Congress on the costs and benefits of a national database on quarterly earnings, which the Administration believes is unnecessary in light of current research efforts, burdensome, and could compromise the confidentiality of such records.

*Reallotment of Funds.* We are concerned about language requiring reallotment of funds to be based on program obligations rather than expenditures, which would undermine the effectiveness of the reallotment process.

*Cash Incentive.* We object to the provision that authorizes the payment of cash incentives and bonuses based on attendance and performance in youth programs.

*PIC Membership.* The bill would establish a floor for membership by labor and community-based organizations on Private Industry Councils, which unduly restricts local flexibility.

*Other Concerns.* Other concerns regard the burdensome requirement that service delivery areas keep records on individuals who do not meet program enrollment requirements; permitting public sector employment in the title I program; allowing unused section 123 funds to be distributed to SDAs for the adult program, instead of to States for incentive grants; a burdensome new reporting for the Directorate of Civil Rights on service delivery area practices; allowing advance payments under JTPA contacts with nonprofit organizations; allowing SDAs to transfer up to 10 percent of adult program funds to the Summer Youth Program; the extension of self-employment, public works, job creation, and dislocated farmer demonstration programs under the EDWAA program through 1996; and the lack of a preeminent role for the Governor in the submission of proposals under the YOU program. Finally, we prefer the more flexible approach that is contained in S. 1404 for determining the minimum proportion of participants in the year-round youth program who are to be out-of-school youth.

## VI. COST ESTIMATE

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
*Washington, DC, March 12, 1992.*

Hon. EDWARD M. KENNEDY,
*Chairman, Committee on Labor and Human Resources,*
*U.S. Senate, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the attached cost estimate of S. 2055, the Job Training Committee on Labor and Human Resources on March 11, 1992. Enactment of S. 2055 would not affect direct spending or receipts. Therefore, pay-as-you-go procedures would not apply to this bill.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Cory Oltman (226-2820).

Sincerely,

ROBERT D. REISCHAUER.

Enclosure.

### CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: S. 2055.
2. Bill title: Job Training and Basic Skills Act of 1991.
3. Bill status: As ordered reported by the Senate Committee on Labor and Human Resources on March 11, 1992.
4. Bill purpose: To establish programs to prepare youth and adults facing serious barriers to employment for participation in the labor force by providing job training and other services that

will result in increased employment and earnings, increased educational and occupational skills, and decreased welfare dependency.

5. Estimated cost to the Federal Government:

[By fiscal years, in millions of dollars]

| | 1993 | 1994 | 1995 | 1996 | 1997 |
|---|---|---|---|---|---|
| Replication of successful programs | | | | | |
| Estimated Authorization level | 10 | 10 | 11 | 11 | 11 |
| Estimated outlays | ([1]) | 8 | 10 | 11 | 11 |
| Fair Chance Youth Opportunities Unlimited Program | | | | | |
| Estimated Authorization level | 100 | 103 | 107 | 110 | 0 |
| Estimated outlays | 3 | 73 | 98 | 106 | 106 |
| Total authorizations | 110 | 113 | 118 | 121 | 11 |
| Total outlays | 3 | 81 | 108 | 117 | 117 |

[1] Less than $500,000

The costs of this bill fall within budget function 500.

Basis of estimate: All estimates of authorizations assume full appropriations at the beginning of each fiscal year.

Except where noted, S. 2055 authorizes appropriations of specific amounts for fiscal year 1993 and such sums as may be necessary for the succeeding fiscal years. Such sums authorizations have been estimated by increasing the amount specified for 1993 to reflect projected inflation. Estimated outlays reflect spending patterns of current or similar programs.

S. 2055 would establish a replication of successful programs in Title IV—National Activities of the Job Training Partnership Act (JTPA). This program would allow the Secretary of Labor to make grants to public or private nonprofit organizations for technical assistance, and to States for planning and program development, associated with the replication of successful programs. This bill authorizes $10 million in fiscal year 1993 and such sums as may be necessary through fiscal year 1997.

S. 2055 would establish a Fair Chance Youth Opportunities Program in Title IV—National Activities of the JTPA. This program would increase access to education and job training to youth living in high-poverty areas and provide comprehensive education and training to disadvantaged youths who are underserved by federal education and job training programs. The Secretary of labor would award grants for the federal share of such programs to those service delivery areas located in high-poverty areas. This bill would authorize $100 million in fiscal year 1993 and such sums as may be necessary for each of the fiscal years 1994 through 1996.

In addition to creating new programs, S. 2055 would establish a Part C—Youth Programs to Title II—Block Grants of the Job Training Partnership Act. This program would be year-round and targeted at economically disadvantaged in-school and out-of-school youth. There would be no new authorization of funds. Currently, Part A of Title II provides year-round programs for both adults and youth. Forty percent of the funds are spent on the youth programs. S. 2055 would authorize the transfer of those funds to Part C of

Title II. The funds would continue to be spent at the current rate. There should be no increase in authorizations or outlays.

6. Pay-as-you-go considerations: None of the provisions of S. 2055 would affect direct spending or receipts. Therefore, this bill has no pay-as-you-go implications.

7. Estimated cost to State and local government: The Fair Chance Youth Opportunities program allows for a maximum of 50 percent of any related project to be federally funded. The remaining costs must be assumed by state and local governments, or private entities.

8. Estimate comparison: None.

9. Previous CBO estimate: None.

10. Estimate prepared by: Cory Oltman.

11. Estimate approved by: C.G. Nuckols, Assistant Director for Budget Analysis.

## VII. Regulatory Impact Statement

In accordance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the following statement of the regulatory impact of S. 2055 is made:

### A. ESTIMATED NUMBER OF INDIVIDUALS AND BUSINESSES REGULATED AND THEIR GROUPS OR CLASSIFICATIONS

This legislation will not result in an increase in the number of individuals and businesses regulated under JTPA. The JTPA program encourages business involvement in training and placing economically disadvantaged persons in permanent private sector jobs. Individuals and businesses who do not elect to participate in the JTPA program will not be affected by S. 2055. Those businesses and individuals choosing to participate will be subject to the legislation and regulations promulgated by the Department of Labor pursuant to S. 2055.

There is no estimate available as to the number of businesses that will be involved in the JTPA activities affected by this legislation either in the planning and administration of the program or by participation in the program as employers offering training to participants.

### B. ECONOMIC IMPACT ON THE INDIVIDUALS, CONSUMERS AND BUSINESSES AFFECTED

The purpose of S. 2055 is to improve the JTPA program by better focusing its resources on those facing serious barriers to employment and serving them in a manner that will promote job placement, retention and long-term employability. If the goals of this legislation are realized, hundreds of thousands of persons will find new employment, increase their earnings and decrease their welfare dependency. The result will be increased revenues for and decreased income support payments from the government. Businesses will benefit from the availability of a workforce with improved skills, capabilities and productivity. The Committee believes that this legislation will enhance the Nation's economic competitiveness and contribute to economic growth and prosperity, and will make significant strides towards alleviating poverty and dependency.

### C. IMPACT OF THE ACT ON PERSONAL PRIVACY

This legislation has no impact on personal privacy. The collection of data may be necessary to evaluate the effectiveness of programs conducted under the Act; however, these data do not have any new personal privacy implications.

### D. ADDITIONAL PAPERWORK, TIME AND COSTS

S. 2055 may result in some additional paperwork, time and costs due to some new requirements relating to the job training plan, procurement standards, the Governor's coordination plan and the revised title II program. This legislation, however, generally builds upon the existing administrative, reporting and recordkeeping systems in JTPA. The Committee has no accurate way of quantifying additional paperwork, time or costs that may be associated with the provisions of this legislation.

## VIII. SECTION-BY-SECTION ANALYSIS

### SEC. 1—SHORT TITLE

Job Training and Basic Skills Act of 1992.

### SEC. 2—TABLE OF CONTENTS

### SEC. 3—REFERENCES

### SEC. 4—DECLARATION OF POLICY AND STATEMENT OF PURPOSE

The purpose of this Act is to establish programs to prepare youth and adults facing serious barriers to employment for participation in the labor force by providing job training that will result in increased employment, increased educational and occupational skills and decreased welfare dependency.

### SEC. 5—AUTHORIZATION OF APPROPRIATIONS

Authorizes such sums as may be necessary beginning in FY93 and continuing thereafter for parts A, B and C of title II. Parts A, C, D, E, F, and G of title IV are authorized to be appropriated 7 percent of the sum of the amounts appropriated to parts A and C of title II. An additional 7 percent of the 7 percent appropriated for title IV shall be reserved for part C of title IV, $2 million is authorized to carry out part F, and $10 million is authorized for part H of title IV for FY93 and such sums as may be necessary for succeeding years thereafter. Authorizes $100 million for FY93 and such sums as may be necessary for FY94 through FY96 for part I of title IV.

### SEC. 6—DEFINITIONS

Amends sec. 4(5) of JTPA to revise the definition of "community-based organizations" to include the "Association of Farmworkers Opportunity Programs", "literacy organizations" and "agencies or organizations that provide service opportunities and youth corps programs".

Amends sec. 4(8)(B)(i) to include in the definition of "economically disadvantaged" the official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with Sec. 673(2) of the Omnibus Budget Reconciliation Act of 1981).

Amends sec. 4(24) to expand the definition of "supportive services" to include "drug and alcohol abuse counseling and referral, individual and family counseling", and "job coaches".

Amends sec. 4(29) to revise the definition of "displaced homemaker" to be an individual who has been providing unpaid services to family members in the home, is dependent on public assistance and whose youngest child is within 2 years of losing public assistance under AFDC, or is dependent on the income of another family member whose support is no longer available and is experiencing difficulty in the job market.

Adds a new sec. 4(31) to define "basic skills deficient" as "reading or computing skills at or below the 8th grade level on a generally accepted standardized test or a comparable score on a criterion-referenced test".

Adds a new sec. 4(32) to define "case management" to mean a client-centered approach to service delivery designed to prepare and coordinate a comprehensive employment plan and provide job and career counseling during program participation and after job placement.

Adds a new sec. 4(33) to define "citizenship skills" as meaning skills and qualities such as teamwork, problem-solving ability, self-esteem, initiative, leadership, commitment to life-long learning, and an ethic of civic responsibility that are characteristic of productive workers and good citizens.

Adds a new sec. 4(34) to define "educational agency" as a public local school authority having administrative control of elementary, middle or secondary schools or schools providing adult education; a public or private institution that provides alternative middle or high school education; a public education institution or agency having administrative control of secondary or postsecondary vocational programs; a postsecondary institution; or a postsecondary institution operated by or on behalf of any Indian tribe that is eligible to contract with the Secretary of the Interior under the Indian Self-Determination Act.

Adds a new sec. 4(35) to define "family" as 2 or more persons related by blood, marriage, or decree of court, who are living in a single residence, and are included in 1 or more of the following categories: husband, wife and dependent children; a parent or guardian and dependent children; or a husband and wife.

Adds a new sec. 4(36) to define a "hard-to-serve individual" as an individual who is basic skills deficient, a school dropout, an AFDC recipient, disabled, homeless, unemployed for at least 6 months, an offender, limited-English proficient, or a youth who is 1 or more grades below age-appropriate educational attainment, pregnant or parenting, or exhibiting a pattern of disruptive behavior.

Adds a new sec. 4(37) defining "JOBS" as the Job Opportunities and Basic Skills Training Program authorized under part F of title IV of the Social Security Act.

Adds a new sec. 4(38) defining "participant" as an individual who has been determined eligible to participate in, and who is receiving services under a program authorized by the Job Training Partnership Act. Participation is deemed to commence on the first day, following a determination of eligibility, on which the participant begins receiving employment and training services under the Act.

Adds a new sec. 4(39) defining "school dropout" as an individual who is no longer attending any school and who has not received a secondary school diploma or a certificate from an equivalency program.

Adds a new sec. 4(40) defining "termination" as the separation of a participant who is no longer receiving services under the Job Training Partnership Act with the exception of post-termination and followup services authorized by the Act.

Adds a new sec. 4(41) defining "youth corps program" as a program "that offers productive work with visible community benefits in a natural resource or human service setting and that gives participants a mix of work experience, basic and life skills, education, training and support services".

### SEC. 7—PRIVATE INDUSTRY COUNCILS

Amends Sec. 102(a) and 102(c)(2) of JTPA to require that a minimum of 15 percent of the membership of a Private Industry Council be composed of and nominated from representatives of organized labor and community-based organizations. Additional council members shall be representatives of and nominated from educational agencies, vocational rehabilitation agencies, public assistance agencies, economic development agencies, the public employment service and local welfare agencies.

### SEC. 8—JOB TRAINING PLAN

Amends sec. 104(b). The Job Training Plan prepared by SDA's must: (1) identify the administering entity and the grant recipient; (2) describe the linkages and coordination plans it has with other educational, training, and employment programs in the labor market area if there is more than 1 provider; (3) describe methods of complying with the coordination criteria contained in the Governor's plan; (4) describe linkages, designed to avoid duplication of services; (5) identify goals and describe objectives; (6) describe the goals for the training and placement of special populations; (7) describe the goals for the training and placement of women in nontraditional employment; (8) include adult and youth budgets for 2 program years; (9) describe procedures for identifying and selecting participants and determining eligibility; (10) describe assessment and case management process; (11) describe methods for carrying out title V; (12) describe procedures for selecting service providers; (13) include fiscal control, accounting, audit, and debt collection procedures; (14) describe procedures for preparation and submission of an annual report to the Governor.

### SEC. 9—REVIEW AND APPROVAL OF PLAN

Amends sec. 105(a)(1)(B)(ii) by adding "community-based organizations" to the list of appropriate local organizations allowed to review the Plan before implementation.

## SEC. 10—PERFORMANCE STANDARDS

Amends sec. 106. The Secretary of Labor, in consultation with the Secretary of Education and the Secretary of Health and Human Services, shall prescribe performance standards for the programs.

Factors for adult program performance standards shall be based on appropriate factors which may include: (1) placement in unsubsidized employment; (2) retention for more than 6 months in unsubsidized employment; (3) increase in earnings, including hourly wages; (4) reduction in welfare dependency; and (5) acquisition of skills, including basic skills or the attainment of a high school diploma or its equivalent.

In addition to the above factors, factors in prescribing standards for the youth programs will include (1) attainment of employment competencies; (2) dropout prevention and recovery; (3) secondary and postsecondary school completion or the equivalent of such completion; and (4) enrollment in other training programs or enlistment in the Armed Forces. In prescribing these standards, the Secretary of Labor shall ensure that States and service delivery areas (SDA's) will make efforts to increase services for hard-to-serve individuals.

The Private Industry Councils (PIC's), in consultation with educational agencies, community-based organizations, and the private sector, shall determine the levels for youth and adult competency standards based on such factors as entry level skills and other hiring requirements.

The Governor may award incentive grants to SDA's that exceed performance standards for all participants as well as the hard-to-serve population, serve more than the minimum percentage of out-of-school youth, place participants in employment that provides post-program earnings that exceed the appropriate performance criteria and that exceed the Title II performance standards established by the Governor which take into account local economic, geographic and demographic factors.

The Secretary shall prescribe performance standards for title III programs based on participant placement and retention in unsubsidized placement. Governors are given the authority to make changes to the performance standards issued by the Secretary for title III (dislocated workers) due to: (1) specific economic, geographic, and demographic factors in the SDA's; (2) characteristics of the population to be served; (3) demonstrated difficulties in serving the population; and (4) the type of services provided.

Governors may also prescribe performance standards in addition to those provided by the Secretary for programs under titles II and III.

The Secretary must prescribe a system for adjustments in performance standards for target populations to be served, including Native Americans, migrant and seasonal farmworkers, disabled and Vietnam era veterans, including veterans who served in the Indochina Theater between August 1964, and May 1975, offenders and displaced homemakers. Modifications may not be made more than once every 2 years (except for Job corps where they can be made once each program year) and must be reported to the Congress.

The National Commission on Employment Policy shall advise the Secretary on the development of performance standards and the usefulness of the standards, and evaluate the impact of such standards on the choice of who is served in the SDA's, services provided and the costs of these services.

The Secretary shall establish uniform criteria for determining whether a service delivery area fails to meet performance standards and the circumstances under which remedial action is authorized. Governors shall provide technical assistance to SDA's failing to meet performance standards under the uniform criteria and report these to the Secretary no later than 90 days after the end of the program year. If a service delivery area continues to fail to meet performance standards for 2 program years, the Governor shall develop and impose a reorganization plan within 90 days of the second program year. If the plan is not timely imposed, the Secretary shall develop and impose such a plan. A service delivery area that is the subject of a reorganization plan may appeal to the Secretary within 90 days after receiving notice. The Secretary shall recapture no more than one-fifth of the State administration set-aside to be used for technical assistance if it is determined that the Governor has not provided appropriate technical assistance.

### SEC. 11—SELECTION OF SERVICE PROVIDERS

Sec. 107(a) is amended. Consideration is given to provision of appropriate supportive services, including child care, in the selection of service providers. Selection shall be made on a competitive basis including the ability of the service provider to meet program design specifications and documentation of compliance with procurement standards established by the Governor.

### SEC. 12—LIMITATION ON CERTAIN COSTS

Amends sec. 108(a) and 108(b). Establishes new administrative, direct training, and supportive services cost limitations for title II. Increases the maximum to 20 percent for administrative costs. Not less than 50 percent shall be expended on direct training services. The remainder may be spent on training elated and supportive services. Cost limitations under title III are covered under sec. 315.

### SEC. 13—SERVICE DELIVERY AREA TRANSFER AND AGREEMENT; REALLOTMENT

Amends title I of JTPA to include the following new sections:

#### SEC. 109—SERVICE DELIVERY TRANSFER AND AGREEMENT.

Allows SDA's to enter into agreements with one another to share educational, training and placement costs upon approval of the participating private industry councils.

#### SEC. 110—REALLOCATION AND REALLOTMENT OF UNOBLIGATED FUNDS UNDER TITLE II.

Beginning on July 1, 1993, the Governor is authorized to reallocate within the State the amount by which the unobligated balance of an SDA's previous program year's allocation under parts A and C of title II exceeds 15 percent of that allocation. The Governor shall reallocate the amount available to those SDA's having the highest unemployment and poverty rates and who have obligated at least 85 percent of the previous program year's allocation.

Beginning July 1, 1993, the Secretary is authorized to reallot between States the amount by which the unobligated balance of a State's previous program year's allotment under parts A and C of title II exceeds 15 percent of that allotment. The Secretary shall reallot the amount available to eligible States based on the relative amount of their allotment compared to the total amount allotted to all eligible States under parts A and C for title II for such program year. Eligible States are those States which have obligated at least 85 percent of the previous program year's allotment.

The Governor shall prescribe uniform procedures for the obligation of funds by SDA's in order to avoid the requirement that funds be made available for reallotment. The Governor shall also prescribe equitable procedures for the State and SDA's in the event that a State is required to make funds available for reallotment.

### SEC. 14—GOVERNOR'S COORDINATION AND SPECIAL SERVICES PLAN

Amends sec. 121(b) by requiring the Governor's Coordination and Special Services Plan (GCSSP) to: (1) include criteria for coordinating JTPA activities with services provided by State and local agencies on aging, programs operated under title V of the Older Americans Act and programs operated under the National and Community Service Act of 1990; (2) describe the measures taken by the State to ensure coordination between JOBS and title II programs in the planning and delivery of services and measures to ensure that the State JOBS plan is consistent with the coordination criteria specified in the GCSSP and identifies the procedures for State Job Training Coordinating Council review; and (3) describe the projected use of resources and criteria for State incentive grants and performance goals for State supported programs.

Coordination and special service activities may include coordination activities between title II and title III, initiatives funded by title II State Education Coordination Grants and technical assistance regarding the development of joint programs between JTPA programs and programs authorized by the National and Community Service Act.

### SEC. 15—STATE JOB TRAINING COORDINATING COUNCIL

Amends sec. 122(a)(3)(B)(i) to add members of the State Advisory Board established under the National and Community Services Act to the list of State agency representatives eligible for appointment to the State Job Training Coordinating Council.

### SEC. 16—STATE EDUCATION AND COORDINATION GRANTS

Amends sec. 123. Governors shall allocate the 8 percent State set-aside funds to State educational agencies for school-to-work transition programs, literacy and lifelong learning opportunities, programs to train and place women in nontraditional employment and coordination of education and training services.

The Governor shall include in the GCSSP a description of: (1) the goals to be achieved and services to be provided by the school-to-work transition programs; (2) the goals to be achieved and services to be provided by literacy and lifelong learning programs; (3) the goals and services to be provided by the nontraditional employment for women programs; and (4) the proportion of funds received under this section that will be used to carry out the programs.

A maximum of 20 percent of the funds allocated under this section may be expended to pay for coordination of services. A minimum of 80 percent will be used for school-to-work transition and adult learning activities. Of this 80 percent, a minimum of 75 percent of the funds allocated shall be expended for projects for economically disadvantaged individuals who experience other barriers to employment.

### SEC. 17—ADDITIONAL REQUIREMENTS

Amends sec. 124 to require that States or SDA's who impose a requirement, including a rule, regulation, policy, or performance standard, relating to the administration and operation of JTPA programs shall identify the requirement as a State or SDA-imposed requirement.

### SEC. 18—STATE LABOR MARKET INFORMATION PROGRAMS

Amends sec. 125(a) to add training and technical assistance to support comprehensive career guidance and participant outcome activities for local JTPA programs.

### SEC. 19—GENERAL PROGRAM REQUIREMENTS

Amends sec. 141(d)(3) to add an allowance for higher education or postsecondary institutions whose charges are no greater than charges made to the public not to be required to break down cost components of charges.

SDA's are not subject to the administrative cost limitations under section 108 with respect to a service provider under title II if at least 90 percent of the funds are expended for direct training and training-related and supportive services, such expenditures are charged to the appropriate cost category, and not less than 50 percent of the funds are expended on direct training for any fiscal year.

Amends sec. 141(g) to limit the length of on-the-job training to the period generally required for acquisition of skills needed for the position within a particular occupation, not to exceed 6 months unless the total number of training hours is less than 500 hours. On-the-job training contracts must specify the types and duration of training and other services to be provided in sufficient detail to allow a fair analysis of the reasonableness of the costs. In addition to these requirements, SDA's that subcontract on-the-job training services shall have contracts that specify the services to be provided by the contractor, the employer and any other agencies and subcontractors involved in the provision of services.

Amends sec. 141(m) to allow public or private nonprofit administrative entities to retain income under the program if the income is used to continue a JTPA program.

Amends sec. 144 to add a new subsection to the displacement grievance procedure to establish procedures for binding arbitration for grievances which have not been decided with 60 days of filing.

### SEC. 20—DISPLACEMENT GRIEVANCE PROCEDURE

Adds a new subsection to sec. 144 on grievance procedures for parties alleging to have been displaced by JTPA program participants in violation of the Act. If no decision is issued within 60 days of filing the grievance, any party to the grievance may submit the grievance to arbitration. The arbitrator shall be independent of the parties and jointly selected by them. If the parties cannot reach agreement on an arbitrator within 15 days, one will be assigned by the Governor.

### SEC. 21—ADVANCE PAYMENT

Amends sec. 162 to allow the Secretary, States, and SDA's to make advance payments when contracting with nonprofit organizations of demonstrated effectiveness.

### SEC. 22—FISCAL CONTROLS

Amends sec. 164(a) by requiring each State to establish fiscal control and fund accounting procedures necessary to assure the proper disbursal of, and accounting for Federal funds paid to recipients under title II and III.

The Governor shall prescribe and implement uniform procurement standards. Procurements shall be conducted in full and open competition except for sole source procurements where justifiable; include an analysis of the reasonableness of costs and prices; and ensure that providers receive no excess income or profit. Procurements shall clearly specify deliverables and the basis for payment. Written procedures shall be established for procurement transactions. There shall be no conflicts of interest among grantees, contractors, subgrantees or subcontractors in the selection, award, and administration of contracts. The Governor shall annually certify to the Secretary that procurement standards are appropriate and that the State has monitored compliance at the SDA level. The Secretary shall biennially review all procurement standards and report to Congress whether requirements have been satisfied. In the event requirements are not satisfied, the Governor and/or the Secretary shall require corrective action and impose sanctions.

Amends sec. 164(b) to require the Governor to issue a notice of intent to revoke approval of a plan or impose a reorganization plan if the Governor determines that there is a substantial violation of a specific provision of the Act and corrective action was not taken. The actions taken by the Governor may be appealed to the Secretary.

### SEC. 23—REPORTS, RECORDKEEPING, AND INVESTIGATIONS

Amends sec. 165 to require grant recipients to maintain standardized records for all individual participants. In carrying out regular, routine audits, the Secretary, the Inspector General, and GAO are required to give 14 days advance notice of audit data requirements. Requires each State to monitor the compliance of service providers with respect to the terms of grants, contracts or other agreements. Governors shall ensure that procedures are developed for the retention of records pertinent to all JTPA grants and agreements be retained for at least 2 years.

Requires States and SDA's to maintain comparable information systems in accordance with guidelines prescribed by the Secretary, including data necessary to comply with non-discrimination provisions of the Act.

### SEC. 24—DISCRIMINATION

Amends sec. 167 by requiring the Department of Labor's Directorate of Civil Rights to prepare and submit to Congress an annual report on the administration and enforcement of non-discrimination provisons described in the Act. Authorizes such sums as may be necessary for the purpose of increasing the number of personnel available to the Directorate in order to comply with these reporting requirements.

### SEC. 25—ESTABLISHMENT OF ADULT OPPORTUNITY PROGRAM

Amends and restructures title IIA of JTPA as follows:

#### SEC. 201—STATEMENT OF PURPOSE.

The purpose of the adult program is to prepare adults for participation in the labor force by increasing occupational and educational skills resulting in improved long-term employability, increased employment and earnings, and reduced welfare dependency.

#### SEC. 202—ALLOTMENT AND ALLOCATION.

No changes have been made to the formula for alloting funds to States but a 130-percent maximum has been imposed to limit fiscal year increases in State allotments. A 90-percent minimum "hold-harmless" provision already exists in current law.

Authorizations for reservation of State set-asides are contained in this section. Eight percent is reserved for awarding State Education Coordination Grants (Section 123); 5 percent is reserved for State administration; up to 2 percent is available for technical assistance and capability building; 3 percent is reserved for providing incentive grants; and 5 percent is reserved for funding programs designed to serve older workers.

#### SEC. 203—ELIGIBILITY FOR SERVICES.

Establishes new eligibility rules under title IIA by requiring that in addition to being ages 22 and over and economically disadvantaged, at least 65 percent of participants must be included in 1 or more of the following categories: basic skills deficient, school dropout, AFDC recipient, disabled, homeless, unemployed for 6 months or longer, an offender, limited-English proficient, and an additional barrier determined by the SDA and approved by the Governor.

Allows up to 10 percent of participants in the adult program to be individuals who are not economically disadvantaged, if they are 22 years of age or older and experience multiple barriers to employment (as listed above) or are included in categories such as displaced homemakers, older workers, veterans, alcoholics or addicts.

As mentioned above, an SDA may request an additional employment barrier category for establishing eligibility in the program for individuals who face other serious barriers to employment. The request must have the approval of the Governor and Secretary.

### SEC. 204—PROGRAM DESIGN.

Requires adult programs to provide for all participants: an objective assessment of each participant's skills level and service needs; development of individual service strategies which identify an employment goal, achievement objectives, the sequence of services to be provided and a review of each participant's progress; and basic skills training and occupational skills training where the assessment and service strategy indicate it is necessary.

Each service delivery area must provide to any JTPA participant or applicant who meets the minimum income eligibility criteria information on the full alreay of applicable and appropriate services available by the service delivery area and referral to other appropriate training and educational programs that have the capacity to serve the participant or applicant. Each service provider shall ensure that an eligible applicant who does not meet the enrollment requirements of the particular program of the provider shall be referred to the service delivery area for further assessment and/or additional referral to meet the basic skills and training needs of the participant. SDA's are required to maintain records of all referrals.

Redefines and categories authorized direct training and training-related and supportive services that may be made available in the adult program. Direct training services now additionally include individual assessment, counseling, case management, and school-to-work transition activities.

Requires basic skills training to have a workplace context and be integrated with occupational skills training where appropriate.

Requires job search, job search skills training, job clubs, and work experience activities to be accompanied by other services designed to increase a participant's basic education or occupational skills unless the assessment and service strategy indicate it is not appropriate and the additional activities are not available.

Requires that needs-based payments be limited to payments necessary for participation in the program according to local procedure.

Allows counseling and supportive services to be provided for up to 1 year following completion of the program.

Requires SDA's to make opportunities available for successful program alumni to volunteer as mentors and tutors to program participants.

Authorizes the Governor to provide job training programs designed to assure the training and placement of older individuals, giving consideration to training for jobs in growth industries and coordinating these efforts with programs authorized by title V of the Older Americans Act.

Individuals eligible to participate in the older workers programs must be at least 55 years of age and economically disadvantaged. Allows up to 10 percent of participants to be not economically disadvantaged if they face serious barriers to employment and meet the income eligibility requirements under title V of the Older American Act.

### SEC. 205—LINKAGES.

Requires the SDA to establish cooperative arrangements as appropriate with other federal programs such as the Adult Education Act, the Carl D. Perkins Vocational and Applied Technology Education Act, the Wagner-Peyser Act, part F of title IV of the Social Security Act, the employment program established under the Food Stamp Act, the National Apprenticeship Act, the Rehabilitation Act, title V of the Older American Act, the Trade Act and the McKinney Homeless Act.

Requires the SDA's to establish other appropriate linkages with local entities, including educational, community, literacy, volunteer, economic development, employment and social service agencies to enhance service provision.

### SEC. 206—TRANSFER OF FUNDS.

Allows SDA's to transfer up to 10 percent of funds for adult programs to the summer youth and youth opportunity programs under parts B and C if it is described in the job training plan and approved by the Governor.

### SEC. 207—STUDIES RELATING TO PLACEMENT AND TARGET POPULATIONS.

Requires the Comptroller General to study the percentage of adults assisted under this part that remain employed for at least 9 months after receiving assistance. Findings shall be submitted to Congress within 3 years of the date of enactment of this Act."

## SEC. 26—ESTABLISHMENT OF SUMMER YOUTH OPPORTUNITY PROGRAM

Amends and restructures title IIB of JTPA as follows:

### SEC. 251—PURPOSE.

The purpose of summer youth programs is to enhance the basic educational skills of youth, encourage school completion, provide eligible youth with exposure to the world of work and enhance the citizenship skills of youth.

### SEC. 252—AUTHORIZATION OF APPROPRIATIONS: ALLOTMENT AND ALLOCATION.

Funds for the summer youth program are authorized to be appropriated in a manner identical to the formula authorized in the adult program except that the economically disadvantaged formula factor is targeted at youth.

### SEC. 253—USE OF FUNDS.

Funds may be used for a variety of educational and training activities and follow-up and supportive services. Each participant shall receive an individual assessment and service strategy.

### SEC. 254—LIMITATIONS.

These programs shall be conducted during the summer months or an equivalent vacation period. Eligible participants must be economically disadvantaged and age 14 through 21. Participants may be concurrently enrolled in the summer program and in programs under part C.

### SEC. 255—APPLICABLE PROVISIONS.

Each service delivery area shall establish written program goals and objectives that shall be used for evaluating the effectiveness of summer youth programs.

## SEC. 27—ESTABLISHMENT OF YOUTH OPPORTUNITY PROGRAM

Creates a new title IIC as follows:

### SEC. 261—STATEMENT OF PURPOSE.

The purpose of title IIC youth programs is to improve longterm employability; enhance educational, occupational and citizenship skills; encourage school completion or enrollment in alternative schools; increase the employment and earnings of youth; reduce welfare dependency; and assist youth in addressing problems which impair their transition from school to work through apprenticeship, the military or post-secondary education and training.

### SEC. 262—ALLOTMENT AND ALLOCATION.

No changes have been made to the formula for allocating funds to States. A 90-percent minimum and a 130-percent maximum have been imposed to limit subsequent fiscal year decreases or increases in State allotments.

Authorizations for reservation of State set-asides are contained in this section. Eight percent is reserved for awarding title IIC State Education Coordination Grants (Section 123); 5 percent is reserved for State administration; up to 2 percent is available for technical assistance and capacity building; and 3 percent is reserved for providing incentive grants.

For purposes of the allocation formula under this part, the term "economically disadvantaged" is defined as those individuals age 16 through 21 whose family income meets poverty or low-income criteria. College students and members of the armed services are excluded for the purposes of allotment and allocation.

### SEC. 263—ELIGIBILITY FOR SERVICES.

Establishes eligibility rules for the title IIC program. Requires that not less than 70 percent of *in-school youth*, in order to participate in the title IIC program, be age 16 through 21, economically disadvantaged and included in 1 or more of the following categories: basic skills deficient; educational attainment that is 1 or more grade levels below the grade level appropriate for the individual's age; pregnant or parenting; exhibiting a pattern of disruptive behavior or disciplinary problems; homeless or run-away youth; individuals with a disability; limited-English proficient; offender; or an additional barrier determined by the service delivery area and having approval of the Governor.

Requires that not less than 70 percent of *out-of-school* youth, in order to participate in the title IIC program, be age 16 through 21, economically disadvantaged, and included in 1 or more of the following categories: basic skills deficient; school dropout; pregnant or parenting; homeless; individuals with a disability; limited-English proficient; offender; or an additional barrier determined by the SDA and approved by the Governor.

Allows up to 10 percent of participants in the youth program to be individuals who are not economically disadvantaged, if they are 16 through 21 years of age and experience 1 or more barriers to employment (as listed above) or fall into categories such as alcoholics or addicts.

An individual is not required to demonstrate economically disadvantaged eligibility, and may participate in a schoolwide project under this program if he/she is: (1) enrolled in a public school which is located in a high poverty area; and (2) served by a local educational agency eligible for Chapter 1 assistance; and (3) not less than 75 percent of the high school's students meet other barriers to employment described above.

Not less than 50 percent of the participants in the program assisted under this part in each service delivery area shall be out-of-school individuals.

As mentioned above, an SDA may request an additional employment barrier category for establishing eligibility in the program by having a submitted request approved by the Governor and the Secretary.

Additionally allows the participation in the title IIC program of youth ages 14 or 15 if it is appropriate and included in the job training plan.

### SEC. 264—PROGRAM DESIGN.

The youth program under this part shall be conducted on a year-round basis. Requires, for all participants, an objective assessment of each participant's skill levels and service needs including such factors as basic skills, occupational skills, prior work experience, and supportive service needs; development of individual service strategies which identify achievement objectives and employment goals; a review of each participant's progress; and provision of basic skills training, occupational skills training, preemployment skills training, work experience and supportive services where the assessment and service strategy indicate it is necessary.

Each service delivery area must provide to any JTPA participant or eligible applicant information on the full array of applicable and appropriate services available through the service delivery area or other service providers and referral to other appropriate training and educational programs that have the capacity to serve the participant or applicant. Each service provider shall ensure that an eligible applicant who does not meet the enrollment requirements of a particular program of the provider shall be referred to the service delivery area for further assessment and/or additional referral. SDA's are required to maintain records on all referrals.

Redefines and categorizes authorized direct training and training-related and supportive services that may be made available in the youth program. As in the adult program, direct training services now additionally include individual assessment, counseling, case management, and school-to-work transition activities as well as additional activities particularly relevant for youth. In addition to the training-related and supportive services provided in the adult programs, authorized services in the youth program include alcohol and drug abuse counseling and referral, services encouraging the involvement of parents and attendance incentives.

Requires SDA's and PIC's, in developing service strategies and designing services, to take into consideration exemplary program strategies and practices.

Requires that an individual who is under 18 and a school dropout, in order to participate, must re-enroll in and attend a regular school, alternative high school, alternative course of study approved by the local education agency, GED program or community-based learning center with high school equivalency programs.

Requires pre-employment and work maturity skills training to be accompanied by either work experience or additional services designed to increase a participant's basic or occupational skills. The additional services may be provided sequentially or concurrently under other education and training programs, including the Job Corps and JOBS.

Requires work experience, job search, job search skills training and job clubs activities to be accompanied by additional services to increase a participant's basic or occupational skills.

Limits needs-based payments to those necessary for participation according to local procedure.

Authorizes counseling and supportive services to be provided for up to 1 year after the completion of the program.

### SEC. 265—LINKAGES.

Requires SDA's to establish cooperative agreements with the appropriate educational agencies responsible for service to participants. These must include: (1) formal agreements with educational agencies to identify referral procedures for in-school youth, methods of assessment of in-school youth, and procedures for notification of dropouts; (2) arrangements to ensure that programs in title IIB supplement existing programs provided by local educational agencies to in-school youth; (3) arrangements to ensure that the program utilizes, to the greatest extent possible, existing services provided by educational agencies to out-of-school youth; and (4) arrangements to ensure that for in-school youth there is a regular exchange of information between the program and the educational agency.

Further requires SDA's to establish appropriate cooperative arrangements with other Federal education and training programs.

In addition, the SDA's must also establish other appropriate cooperative arrangements with entities, including local educational, community, literacy, volunteer, economic development, employment and social service agencies.

### SEC. 266—TRANSFER OF FUNDS.

Allows SDA's to transfer up to 10 percent of the funds provided for part C to the adult program under part A if it is described in the job training plan and approved by the Governor.

## SEC. 28—EMPLOYMENT AND TRAINING ASSISTANCE FOR DISLOCATED WORKERS

Amends sec. 314(f) of JTPA to require that an eligible dislocated worker participating in training pursuant to this title be deemed to be in training with the approval of the State agency for purposes of Section 3304(a)(8) of the Internal Revenue code of 1986.

Amends sec. 315(a) by exempting projects for dislocated workers covered under the Clean Air Act (Sec. 326 of JTPA) from the cost limitations for retraining; needs-related payments and support services; and administrative costs.

Amends sec. 324(a) to extend demonstration programs authorized under title III to FY96.

## SEC. 29—NATIVE AMERICAN PROGRAMS

Amends sec. 401 to extend eligibility for title IV Native American programs to American Samoans.

Amends sec. 401(e) to require the Secretary of Labor to designate a single organizational unit within the Department of Labor with principal responsibility for the development, coordination and oversight of policies concerning Native American Programs under title IV; and to require that a special effort be made to recruit Indians, Native Alaskans, American Samoans and Native Hawaiians in staffing this unit.

Amends sec. 401(h) to authorize the establishment of an Advisory Council on Native American Job Training Programs, describe the duties and responsibilities of the Council and authorize the Secretary of Labor to make available funds to support Council activities.

Amends sec. 401(j) to provide for a reservation of title IV (other than part B) funds for Native American programs.

Adds sec. 401(k) which creates an exception for grantees whose previous performance under a JTPA grant under this section was satisfactory. The Secretary may waive the requirement for competition upon receipt, from the grantee, of a satisfactory 2-year program plan for the succeeding 2-year grant period.

### SEC. 30—MIGRANT AND SEASONAL FARMWORKERS PROGRAMS

Amends sec. 402(f) of JTPA to provide for a reservation of title IV funds (other than part B) for migrant and seasonal farmworker programs.

Adds sec. 402(g) which creates an exception for grantees whose previous performance under a JTPA grant under this section was satisfactory. The Secretary may waive the requirement for competition upon receipt, from the grantee, of a satisfactory 2-year program plan for the succeeding 2-year grant period.

### SEC. 31—JOB CORPS

Amends sec. 427(a)(2) of JTPA to increase the level of non-residential Job Corps slots to 20 percent (from 10 percent) and requires that such increase not be made by reducing the number of residential slots below the program year 1989 level.

Adds a new subsection (d) to sec. 437 which provides that the Secretary shall provide all Job Corps contractors with a management fee of not less than 1 percent of the contract amount.

### SEC. 32—NATIONAL ACTIVITIES

Amends and restructures part D of title IV of JTPA as follows:

#### SEC. 451—NATIONAL PARTNERSHIP AND SPECIAL TRAINING PROGRAMS.

The purpose of the program is to: (1) improve access to employment and training opportunities to individuals with special needs; (2) alleviate skills shortages; (3) meet training needs best addressed on a multistate or industry-wide basis; an (4) encourage the participation and support of all segments of society to further the goals of this Act.

Authorizes the Secretary to establish a system of special grants that are most appropriately administered at the national level, including partnership programs with national organizations having special expertise; programs that address industry-wide skills shortages, meet training needs best addressed on a multistate basis and increase the competitiveness of the U.S. labor force; and programs which require technical expertise at the national level to serve the specialized needs of particular client groups.

#### SEC. 452—RESEARCH, DEMONSTRATION AND EVALUATION.

Adds to the list of authorized research topics those which concern methods of addressing the needs of at-risk populations; methods of developing information on immigration, international trade and competition, technological change and labor shortages; and methods of easing individual transition in the workforce.

Amends the pilot and demonstration program for the purpose of improving techniques and demonstrating the effectiveness of specialized methods in meeting particular employment and training problems. Demonstration programs shall include a formal, rigorous evaluation component.

In addition to the continuing evaluation of JTPA programs, the Secretary may conduct evaluations of other federally-funded employment related activities. The Secretary shall evaluate the impact of title II programs on participant employment, earnings and welfare dependency in multiple sites using random assignment of individuals to groups receiving services under programs authorized under the Job Training and Basic Skills Act of 1992 and groups not receiving such services.

### SEC. 453—TRAINING AND INFORMATION PROGRAMS

Authorizes the Secretary through grants, contracts or other arrangements to: (1) develop curricula and provide appropriate training, technical assistance, staff development and other activities at the national, regional, State, and local levels; (2) prepare and disseminate training curricula and materials for employment and training professionals and support staff which focus on enhancing staff competencies and professionalism, including instruction on the administrative requirements of this Act; and (3) disseminate innovative and successful models, materials, methods and program information, and provide training in the techniques learned from the sources to foster improved program quality and professional growth among those involved in the delivery of employment and training services.

## SEC. 33—COOPERATIVE LABOR MARKET INFORMATION PROGRAM

Sec. 462 is amended by adding a requirement that the Secretary evaluate and report on the feasibility of making accessible nationwide information on quarterly earnings for all individuals for whom such information is collected by the States.

## SEC. 34—NATIONAL OCCUPATIONAL INFORMATION COORDINATING COMMITTEE

Amends Sec. 464 of JTPA to increase authorizations for the National Occupational Information Coordinating Committee from "not more than $5 million" to "$6 million".

## SEC. 35—REPLICATION OF SUCCESSFUL PROGRAMS

Amends title IV to create a new part H as follows:

### SEC. 485—REPLICATION.

Amends title IV of JTPA to create a new part H authorizing the Secretary to make grants to public or private nonprofit organizations for providing technical assistance, and to State and SDA's for the costs associated with the development and operation of model programs.

Requires that these model programs be selected by the Secretary and describes the selection criteria. The Secretary shall select programs that are likely to improve the employment prospects of economically disadvantaged youths and adults. The Secretary shall take into consideration the size and scope of the program, the length of time the program has been operating, measurable outcomes, the sponsoring organization's capacity to provide technical assistance to States and SDA's and the likelihood that the program will be successful in diverse economic, geographic and cultural environments.

Establishes limitations regarding the approval of the same replication activities in more than 10 States or communities in any 3-year period.

## SEC. 36—FAIR CHANCE YOUTH OPPORTUNITIES UNLIMITED PROGRAM

Amends title IV of JTPA to create a new part I as follows:

### SEC. 491—STATEMENT OF PURPOSE.

The purpose of the program is to ensure access to education and job training for youth in high poverty areas; to enable communities with high concentrations of poverty to establish and meet goals for improving the opportunities available to youth within the community; to make provisions for a comprehensive range of services to underserved disadvantaged youth; and to facilitate the coordination of comprehensive services to serve youth in such communities.

### SEC. 492—DEFINITIONS.

### SEC. 493—PROGRAMS AUTHORIZED.

Authorizes the creation of the new Fair Chance Youth Opportunities Unlimited Program in title IV to pay the Federal share of the cost of providing comprehensive services to youth living in poverty areas in the Nation's cities and rural areas.

Requires the Secretary to award funds to the SDA's in which the target area is located, or to the appropriate grantee if the area is located on an Indian reservation or Alaskan Village.

Establishes a limitation on the number of grants that may be awarded by the Secretary of Labor and the length of the grant period.

Requires the Secretary to award at least 1, but not more than 3, grants to Indian reservations and Alaskan native villages.

Further requires the Secretary to award grants on the basis of the quality of the proposed project, the goals to be achieved, the likelihood of the project's successful implementation and the extent of community support. The Secretary must also give priority to participating communities with the highest rates of poverty.

### SEC. 494—APPLICATION.

Establishes that communities with the highest concentration of poverty are eligible for these grants.

Describes the requirements for applying for funds under the program. Those entities desiring a grant must submit an application that includes, among other things, a comprehensive plan for youth in the target areas; measurable program goals; supporting goals for the target area such as increasing security and safety, or reducing the number of drug-related arrests; assurances that all youth in the target area have access to training opportunities; demonstration of how the community will make use of existing resources; and evidence of support for accomplishing goals from local officials and community leaders, business, labor organizations and other appropriate organizations.

Requires the application to be submitted to the Secretary of Labor by the Mayor, the Governor, or the designated grantee.

### SEC. 495—GRANT AGREEMENT.

Provides that each service delivery area receiving a grant on behalf of a participating community must enter into an agreement with the Secretary of Labor. Each agreement must designate a target area of 25,000 or less; contain assurances that funds provided will be used to support education, training, and supportive activities selected from a set of youth program models; provide that only youth age 14 through 21 are eligible to participate in the program; contain assurances that the local educational agency and the community will provide activities and local resources necessary to achieve goals specified in the plan; and assurances designed to ensure coordination with Federal, State or local programs.

### SEC. 496—PAYMENTS; FEDERAL SHARE.

Requires a 100 percent match (50/50 share) of the grant amount from each participating community, and provides that not more than 50 percent of the community's share may be from Federal sources other than Fair Chance grant.

### SEC. 497—REPORTING.

Authorizes the Secretary of Labor to establish reporting procedures.

### SEC. 498—FEDERAL RESPONSIBILITIES.

Requires the Secretary of Labor to provide for an independent evaluation of the Fair Chance program and to submit to Congress a report describing the results of the evaluation.

The Secretary may reserve up to 10 percent of the amount appropriated for the Fair Chance Youth Opportunities Unlimited Program to carry out Federal responsibilities.

## SEC. 37—JOBS FOR EMPLOYABLE DEPENDENT INDIVIDUALS

Amends and restructures title V as follows:

### SEC. 501—STATEMENT OF PURPOSE.

To provide incentives to reduce welfare dependency, promote self-sufficiency, increase child support payments, and increase employment and earnings of individuals by providing to each participating State a bonus for providing job training and placement to absent parents of children receiving aid to families with dependent children and to blind or disabled individuals receiving supplemental social security income.

### SEC. 502—PAYMENTS.

Provides for ratable payments to the States as funds are appropriated.

### SEC. 503—AMOUNT OF INCENTIVE BONUS.

The amount of the incentive bonus paid to each State shall be: (1) the amount of child support paid by each individual eligible for up to 2 years after such individual's termination from activities under this Act; and (2) the reduction in Federal contribution to the amounts received under title XVI of the Social Security Act by each eligible individual for up to 2 years after such individual's termination from activities under this Act.

### SEC. 504—USE OF INCENTIVE BONUS FUNDS.

Not more than 15 percent of the funds during any program year may be used by the Governor for administrative costs incurred under this title. The remainder of funds shall be distributed to the SDA's and Job Corps centers within the State based upon an equitable distribution agreement between the Governor and such SDA's and centers.

A maximum of 10 percent of funds received by an SDA or Job Corps center may be used for administrative expenses. The remainder shall be used for the youth and adult programs and Job Corps centers.

### SEC. 505—NOTICE AND APPLICATION.

States shall apply to the Secretary of Labor for this program including in their application: (1) a list of the eligible individuals in the State; (2) the amount of the incentive bonus attributable to each eligible individual; and (3) certification that documentation is available to verify the eligibility of participants and the amount of the incentive bonus claimed by the State.

### SEC. 506—ELIGIBILITY FOR INCENTIVE BONUSES.

An individual is eligible if the individual (1) is an absent parent of any child receiving aid to families with dependent children; (2) has participated in education, training, or other activities (including Job Corps) provided under this Act; and (3) pays child support for the child or children specified in (1) following termination from activities provided under this Act. An individual is also eligible if the individual is blind or disabled, was receiving benefits pursuant to title XVI of the Social Security Act, has participated in education, training or other activities (including the Job Corps) provided under this Act, and earns from employment a wage or income.

### SEC. 507—INFORMATION AND DATA COLLECTION.

Authorizes the Secretary to provide technical assistance to the States for information and data collection.

Requires the Secretary and the Secretary of Health and Human Services to issue regulations regarding the sharing of data by public agencies participating in the programs under this title.

### SEC. 508—EVALUATION AND REPORT.

Requires the Secretary to evaluate the incentive bonus program.

Requires the Secretary to report to Congress not later than January 1, 1997, on the effectiveness of the bonus incentive program.

### SEC. 509—IMPLEMENTING REGULATIONS.

Requires the Secretary to promulgate regulations implementing this title not later than January 31, 1993.

### SEC. 38—EFFECTIVE DATE; TRANSITION PROVISIONS

Provides that the effective date of the amendments made by this Act is December 1, 1992, and requires that revised performance standards shall be issued no later than July 1, 1994.

## IX. Committee Views

After several years of experience with the Job Training Partnership Act, many of the strengths as well as the weaknesses of the JTPA system have become apparent. JTPA has forced State and local job training administrators to become proactive in working with the private sector. In addition, JTPA has placed a higher priority than previous Federal job training programs on placing those who complete training into jobs. At the same time, some of the new emphases in JTPA have produced unintended outcomes and inequities. These unforeseen effects have resulted in a screening out of individuals who are most in need of job training services and a lower priority accorded to the quality and durability of the training provided for those individuals who do receive JTPA services.

One of the members of the JTPA Advisory Committee, Twila Young, commented:

> The Job Training Partnership Act is sometimes called the second chance system, sometimes called the last chance system. For too many Americans it is the only chance they have to become the productive citizens that they wish to be and that our communities, our economy and our country needs them to be.

Whether it is a second chance, last chance or only chance, the Committee believes that JTPA must provide the best possible chance to all those who need assistance. The Committee is convinced that JTPA can produce greater long-term gains for those who participate in JTPA programs and for the nation. Realizing these goals is the primary aim of the Committee in reporting the Job Training and Basic Skills Act of 1992.

## TITLE II—ADULT AND YOUTH EMPLOYMENT AND TRAINING PROGRAMS AMENDMENTS

### *Authorization of appropriations*

S. 2055 authorizes such sums as necessary for title IIA and title IIC in fiscal year 1993 and thereafter for both programs. The Committee supports the permanent authorization of appropriations as well as increases in future appropriations for all of title II of JTPA. In so doing, the Committee wishes to call attention to the need for additional funding for job training services.

Since the inception of JTPA in 1982, funding for the program has remained stagnant. Adjusted for inflation, the present JTPA budget proposal for fiscal year 1993 is at 66 percent of the fiscal year 1985 appropriation. Thus, JTPA programs have suffered from losses in programs funds since the enactment of JTPA.

JTPA's funding status is also of concern to the Committee because of the small share (5 percent) of low-income persons that are able to benefit from JTPA services. In addition, a declining number of people are being served. Today at least 100,000 fewer persons are being served than were served when the JTPA program began.

Moreover, it is likely that even fewer persons will be served in the future unless additional funds are provided. The Committee intends to change significantly the JTPA system by encouraging the provision of more comprehensive services to hard-to-serve individuals. As the quality and intensity of services provided to the most hard-to-serve JTPA program participants increase, so too will the cost per participant. The Department of Labor estimates that the average cost per participant will increase from $2,250 to $2,555 for adults, $1,900 to $2,730 for out-of-school youth, and $1,300 to $2,160 for in-school youth. By restructuring JTPA services, the Committee explicitly acknowledges that costs will increase and additional funds will be necessary just to maintain services to the current number of participants.

### *Private industry council composition*

The bill maintains the present majority representatives of business on the Private Industry Council (PIC) but requires that labor and community-based organizations make up at least 15 percent of PIC membership. The Committee is concerned that some PIC's have a lesser degree of participation from local community partners, other than representatives of business, then was intended under the Act. Recognizing that the PIC is the policy making body for the development of employment and training priorities in the local community, the Committee strongly believes that balanced representation is needed among the various community partners listed in the Act, notwithstanding the requirement that majority representation be from business.

Simultaneous with the Committee's desire to ensure balanced representation, the Committee intends to preserve the local character of the PIC. The Committee intends that the Secretary of Labor issue regulations which address this intention that all PIC representatives, including those from organized labor, community-based organizations, educational agencies and private industry, be from the local community.

S. 2055 states that, "if the State or local labor organization cannot adequately meet the labor representation on the PIC then individual workers may be included on the council to complete the labor representation." In implementing this requirement, the Committee expects the Secretary of Labor to issue regulations to provide PIC's with additional guidance and assistance in fulfilling the labor and community-based organization representation requirements. The Committee believes that the labor and community-based organization representation requirements are structured in such a way under S. 2055 that PIC's should have no difficulty in meeting them. However, the Committee recognizes that cases may arise in which no appropriate labor or community-based organization representatives are available to fulfill the bill's requirements. To address these limited cases, the bill provides that individual workers from the local community may be appointed to the PIC to meet the 15 percent requirement.

The bill clarifies the requirement in current law mandating that representatives of educational agencies (including adult education), vocational rehabilitation agencies, economic development agencies, the public employment service and other listed agencies in the SDA be represented on the PIC. In addition, S. 2055 includes a new requirement that representatives of public assistance agencies be included on the PIC. The Committee intends that there be balanced representation from the various sectors of the education community in the SDA, but the bill does not require that each educational agency within the SDA be represented individually on the PIC.

It has been brought to the Committee's attention that in practice, there has been almost no representation of Native American or Migrant Worker program representatives on PIC's. Even though these programs are federally administered, it was not the intention of the Committee to exclude these groups from PIC membership. In areas where these programs represent a significance proportion of JTPA administered programs, the Committee encourages PIC representation of Native American and Migrant Worker programs.

The Committee believes that these PIC-related modifications will help to promote closer coordination between JTPA and other education and training programs. The bill permits a 3-year phase-in period to allow sufficient time for PIC's to comply with these provisions.

*Performance standards*

The bill modifies current performance standard requirements for the adult program by adding as a basic measure of performance the acquisition of basic and occupational skills and employment competencies that promote long-term employability, job placement and retention. S. 2055 provides that another appropriate factor by which to judge program performance is placement of an individual in a job for more than 6 months. The bill also provides that performance standards for youth programs may reflect the differences between in-school and out-of-school programs.

JTPA performance standards must promote the consistent and routine delivery of effective, higher quality services to a less employable population. The Committee believes that establishing longer-term outcome measures such as the attainment of education competencies, employment retention and increases in earnings should help to accomplish this goal. While S. 2055 defines "basic skills deficient" to mean reading or computing skills at or below the 8th grade level for the purposes of eligibility determination, the Committee does not intend that this definition be used for the purposes of performance measurement. The Committee recognizes that the achievement of 8th grade reading and math skills is a desirable goal for some of the neediest JTPA program participants. This may even be an unrealistic goal for some participants who enter a program with basic skill levels well below the 8th grade level.

### *Limitation on certain costs*

S. 2055 increases the administrative cost cap to 20 percent and increases the total for administrative and supportive service costs to 50 percent.

The Committee has adjusted existing limits on administrative costs in recognition of the increased administrative and organizational requirements that will be imposed on SDA's and PIC's as a result of this bill. At the same time, the Committee recognizes that increased administrative costs associated with more complex outreach, recruitment, and coordination requirements also may accrue to service providers. In an effort to ensure accountability and fairness in SDA contracts, S. 2055 requires that all contracts and agreements with service providers include the proportionate amounts necessary for administrative costs and for supportive services.

The existing administrative cap has been cited as one reason for the widespread use of fixed-unit-price, performance-based contracts, for which SDA's currently do not require a breakdown of administrative or other costs. While performance-based contracting is desirable for some program-related reasons, the Committee is concerned that a greater amount of program money is being spent on administrative costs than is being reported. With such a limited amount of funds available to serve the JTPA eligible population, it is imperative that the primary use of funds supports training costs.

The Committee also notes that many SDA's appear reluctant to use JTPA resources for supportive services. Currently, the average share of local expenditures for such services is about 7 percent—well below the 15 percent permitted under existing law. The Committee believes that supportive services are a necessary component of a job training program oriented toward at-risk individuals, and has provided additional flexibility for supportive service costs to accommodate the increased need for such expenditures resulting from this bill. For example, S. 2055 mandates that supportive services be made available (along with basic skills and occupational skills training) to youth participating in the title IIC program, where the assessment and service strategy indicate such services are appropriate.

The Committee and the Department of Labor are in full agreement that supportive services available for participants should be increased and the use of funds for this purpose should be encouraged. The Committee intends that a greater proportion of JTPA participants be hard-to-serve individuals. If these clients are to participate successfully in more comprehensive and long-term training, greater expenditures on supportive services will be necessary to cover essential services such as transportation, child care, and stipends.

The Committee intends that child care services, in particular, be an important part of the support services provided to JTPA program recipients. Child care is a critical first step toward self-sufficiency. The Committee is aware of the increasing difficulties today's parents face while trying to balance work-family relations, especially for the single parent. A study by the National Social Science and Law Center in Washington, DC identified child care as a key barrier to employment faced by single mothers receiving AFDC benefits. Nearly two-thirds of the respondents cited their difficulty with child care responsibilities as a problem in seeking, getting and maintaining a job. It is the intent of the Committee that funding for support services permitted under S. 2055 be available to address the needs of parents who are limited in their ability to seek increased training, education, or job skills because of their inability to attain affordable child care.

*Fixed unit price, performance-based contracts*

S. 2055 requires, with limited exceptions, that all expenditures under JTPA be charged to appropriate cost categories (i.e. administration, supportive services, training). This provision would restrict the use of fixed unit price, performance-based contracts that do not provide a breakdown of costs.

Under current law, if certain performance conditions are met, the provider may charge all costs to the training cost category and is not required to identify in fixed unit price contracts the proportion of costs attributable to administration and supportive services. These are primarily tuition-based programs. The effect is to allow providers to avoid the cost limitations on administration and supportive services provided in the Act, and this could result in a reduction in the proportion of funds used for training and supportive services. The Committee aims to improve program accountability and ensure adherence to the established cost limitations by requiring all service providers (not subject to the limited exemptions) to provide a breakdown of direct training, training-related, supportive services and administrative costs.

The Committee recognizes that the existing exemptions from contract cost breakdowns that exist for tuition-based programs permit SDA's to contract with certain providers without allocating administrative costs. This may put very successful, non-tuition based programs at a disadvantage in SDA's where the SDA administrators use a large proportion of available administrative funds. Since the intent of this requirement is to minimize the proportion of administrative costs to all other program costs, the bill permits SDA's who contract with service providers spending at least 90 percent of funds on direct training, training-related and supportive services, the opportunity to allocate these administrative funds above and beyond the SDA cap.

### *Procurement standards*

S. 2055 amends JTPA to revise the procurement standards. Under current law, whatever general procurement requirements are contained in each State's law apply to JTPA programs. S. 2055 would require the Governor to establish certain minimum standards for JTPA programs to improve accountability. The standards prescribed by the Governor are to ensure that procurements are 1) competitive to the maximum extent possible, 2) accompanied by an analysis of the reasonableness of costs in the contract, and 3) in accordance with local written selection procedures established prior to requesting proposals. In addition, the standards are to ensure that all deliverables and the basis for payment are specified in the contract, and that recipients conduct oversight to ensure compliance with the procurement standards. It may be noted that this section of the bill also drops some current provisions relating to JTPA audits since those provisions have been superseded by the Single Audit Act.

### *State funding allocations*

Numerous SDA's and PIC's have called for more funding stability from year to year as individual SDA funding has fluctuated due to changes in annual JTPA appropriations and local levels of unemployment. The bill's requirement that no State receive less than 90 percent or more than 130 percent of its previous year's allocation percentage will help to address the need for more predictable funding from year to year and will assist PIC's and SDA's in their program planning activities.

### *Transfer of funds between title IIA and title IIC*

The Committee recognizes the need for local flexibility and variations in local economic and demographic characteristics. In certain areas, economic realities may demand more resources for adult training activities, while in other areas high concentrations of at-risk youth may demand additional resources. Therefore, S. 2055 permits local areas to transfer up to 10 percent of funds between title IIA and title IIC in order to respond to specific areas of need.

In addition, the Committee stresses that the funds received by SDA's should be targeted to those areas within the SDA where the need is greatest such as to areas with pockets of poverty or to areas with high levels of unemployment.

### *Eligibility for title IIA adult programs*

Tightening the eligibility requirements for the title II adult program was a primary objective of the Committee in light of numerous reports about "creaming" of JTPA participants. The bill revises the eligibility rules for the adult program by requiring that 65 percent of eligible participants meet 1 of 9 specific barriers to employment in addition to their poverty. These barriers include: a basic skills deficiency, the lack of a high school diploma, welfare dependency, unemployment exceeding 6 months, homelessness, a disability, limited-English proficiency, an additional locally defined barrier or a criminal record. Individuals served under the 10 percent "window" for noneconomically disadvantaged participants must meet at least one barriers to employment. These individuals with barriers include, but are not limited to, people who have limited-English proficiency, displaced homemakers, older workers, veterans, alcoholics or addicts.

In addition to tightening eligibility rules, the Committee wishes to ensure that every adult program participant receives the skills and training necessary to improve his or her life-long employability. The Committee believes that education and basic skills proficiency are fundamental components of job training and that the ability to read and write is fundamental in today's economy for improving one's long-term income earning potential.

The bill therefore mandates that each participant in a title IIA program be assessed for education/basic skills levels and service needs, and that a service strategy be developed based on that assessment. A new assessment in title IIA is not required when a "recent" assessment has been conducted in another education or training program. The Committee intends that "recent" be interpreted as being within one year. The service strategy shall include employment goals and achievement objectives with a description of the sequence of services to be provided for the participant. Education/basic skills or occupational skills training must be provided if it is determined to be necessary in the assessment, and progress in meeting the service strategy goals must be documented and reviewed periodically.

In requiring assessments for all JTPA participants, the Committee recognizes that such assessments will be meaningful only if they are carried out in such way as to ensure enrollment in appropriate services following identification of each participant's skill levels and service needs. The Committee also recognizes that some participants may receive suitable assessments under other publicly-funded education or training programs and that individual communities must be given the flexibility to design mechanisms for assignment to appropriate JTPA activities following such assessments. To protect the integrity of the assessment process while preserving local flexibility, the Committee encourages the Department to develop regulations that ensure that assessments will be conducted by qualified staff to prevent inappropriate assignment of JTPA participants.

The Committee intends that the assessment, development of service strategies and monitoring of the progress of program participants be part of an individualized case management system. The Committee recognizes that the case management approach will be a new way of conducting business for many SDA's. Nonetheless, the Committee views the development and implementation of this type of approach to the delivery of JTPA services as critical to the achievement of successful and meaningful outcomes for JTPA participants.

Case management should not be interpreted to mean that all services required by a participant must be provided by the same provider. In fact, the Committee recognizes the merit of a contractor providing a service where it has established expertise and discourages single providers from providing a "smorgasbord" of services to individual participants. The Committee places a priority on continuity of services. This will require individual case management especially when an individual's service strategy calls for a sequence of services from different providers.

The Committee notes that S. 2055 authorizes services to assist program participants in retaining unsubsidized employment. Retention services may be provided as part of an overall service strategy. In many cases, post-placement counseling and retention services can be a determining factor in whether or not an individual is successful in maintaining unsubsidized employment.

Another fundamental change from the current Act is that activities such as job search, job search skills training, job clubs and work experiences in the public sector must be accompanied by other services designed to increase a participant's basic education or occupational skills. The only exception to this requirement occurs when these activities are unavailable through employment service agencies. The Committee does not intend the prohibit these activities. To the extent that an SDA can provide these services cost-effectively and in combination with other training or education services a participant has received under JTPA or through other training or education program, the Committee encourages these services. This change reflects the Committee's review of research and evaluation studies that demonstrate that quick turnaround in placement programs has a minimal long-term impact when provided in isolation from other more comprehensive and intensive services.

The Committee believes that the strong emphasis on education in the Job Training and Basic Skills Act is an appropriate one and grounded by significant research and practical experience. The Committee recognizes that the major responsibility of the JTPA system is not to provide an education to participants—that is the responsibility of the education system. At the same time, the Committee recognizes that basic education is not an issue the JTPA can afford to ignore. The Committee therefore encourages PIC's to support programs, targeted at early adolescents, that lead to higher level of secondary and post-secondary enrollment and completion, as modeled in a recent Highscope longitudinal study entitled "Challenging the Potential: Programs for Talented Disadvantaged Youth."

An additional objective of the Committee is to enhance coordination of JTPA adult programs with a wide array of other Federal programs serving disadvantaged adults. The bill requires SDA's to establish appropriate cooperative arrangements with such programs as adult education, vocational education, the employment service, JOBS, food stamps, apprenticeship programs and homeless assistance programs.

The Committee is aware of some States and service delivery areas which have agreements to share equipment purchased with JTPA funds with other non-JTPA programs. Typically, the equipment is used for non-JTPA programs during those times when there are no JTPA-related activities taking place. In this regard, the Committee is aware of concerns State and local JTPA officials have with voluminous paperwork requirements in order to permit the sharing of equipment. It is the intention of the Committee that the Department of Labor exercise its authority to assist in eliminating whatever unreasonable paperwork requirements may exist.

*Youth program under title IIB and IIC*

S. 2055 retains the summer youth program in a separate title IIB in addition to the new title IIC year-round program for disadvantaged youth. The bill requires that the 40 percent of funds (floor) currently allocated to youth programs in title IIA be allocated for the new title IIC program and authorizes such sums as may be necessary for the title IIB summer youth program.

The Committee found, in public comments that have been solicited throughout the past year, overwhelming support for separating year-round and summer youth programs from adult programs under JTPA. According to the JTPA Advisory Committee, "the creation of a separate youth title will significantly broaden opportunities for collaboration between JTPA, local school systems and other community resources."

The Advisory Committee report stated that separate year-round programs woud have a larger payoff for youth and employers than do the traditional stand-alone, summer employment programs. The Committee believes that the creation of distinct adult and youth programs will promote more effective and efficient delivery of services and permit greater specialization of services to meet the different employability and skill needs of youth and adults.

*Eligibility for title IIC and IIB youth programs*

The bill tightens eligibility for the title IIC program: youth ages 16 to 21 may participate only if they are economically disadvantaged and have at least 1 of 9 barriers to employment. These barreirs include: a basic skills deficiency, educational attainment that is one or more grade levels below the grade level appropriate to the individual's age (or lack of a high school diploma for out-of-school youth), parenthood, homelessness, a disability, limited-English proficiency, an additional locally defined barrier or a criminal record. A pattern of disruptive behavior is listed in the bill as an additional barrier to employment for in-school youth. An additional 10 percent "window" has been created in the title IIC program for non-economically disadvantaged youth who meet at least one other barrier to employment.

S. 2055 includes several additional requirements for the title IIC program. At least 50 percent of youth served in title IIC must be out-of-school youth. SDA's will have the option to serve youth ages 14 or 15, in title IIB programs, if appropriate and specified in the job training plan.

The Committee intends to give SDA's flexibility to serve disadvantaged individuals ages 18 to 22 concurrently in the youth program or in the adult program. Individuals in every age range should be served according to their assessments and service strategies to determine their placement in JTPA programs. Older youth experience considerable difficulty in the labor market and are especially vulnerable to chronic unemployment. The job training needs of the age group 18-22 may at times be better served through youth programs and at other times in adult programs depending upon the assessment and service strategy for these individuals. As in the title IIA program, the Committee expects that SDA's will move toward a case management approach in conducting youth programming by providing comprehensive services based upon individual assessments and service strategies.

S. 2055 imposes important new conditions for the participation of high school dropouts under the age of 18. The bill requires dropouts to reenroll in school or attend an alternative high school, a GED program or other educational program. Ensuring that young dropouts are provided education and the opportunity to earn a high school diploma or a GED is necessary to improve their lifelong income earning potential.

Each participant in the title IIC program must be assessed for basic skills levels and service needs. Individual service strategies must be developed based on that assessment. Basic skills or occupational skills training must be provided if it is determined to be necessary in the assessment, and the individual's progress must be reviewed periodically. Pre-employment and work maturity skills training, work experience combined with skills training, and supportive services must also be provided where the assessment and service strategy indicate such services are necessary.

This requirement will ensure that each participant has been assessed under the youth program and has had an individual service strategy completed with goals and objectives specified. This process recognizes individual deficiencies and needs by providing a specialized service strategy for each participant. The completion and the review of these service strategies will also enhance program accountability.

Youth served under title IIB summer programs must be economically disadvantaged, in the 14–21 age range and receive needs assessments and service strategies. However, the service requirements are not intended to be as comprehensive as those under the year-round program. The primary purpose of summer youth programs is to provide disadvantaged youth with their intitial work experiences in an effort to enhance their skills and maturity level for future long-term employment. Where possible, the Committee encourages the provision of education and skills training services in combination with summer employment programs.

The Committee intends that each title IIC youth participant receive over a 12-month period education and training services that are coordinated by the SDA with local service providers, including local educational agencies. The year-round service requirement does not mean, however, that a school normally in operation for 9 months must provide 12 months of educational activities in order to provide services under the title IIC program.

The Committee has been impressed by efforts in some communities to integrate JTPA-funded youth programs with community and youth service activities. In Philadelphia, for example, JTPA funds are combined with private funds to support a full-time urban youth service corps that provides training, education, service opportunities and jobs to economically disadvantaged youth. In order to promote such successful youth service models, S. 2055 provides explicitly that the title IIC program may include training or education that is combined with community and youth service opportunities.

S. 2055 requires formal agreements between SDA's and appropriate education agencies for review of methods of assessment, referral of in-school youth to the program and notification of dropouts. SDA's are required also to coordiante and establish cooperative agreements with other Federal human resource programs as appropriate.

The Committee wishes to clarify its intent that SDA's that encompass a broad area where there are numerous educational agencies are not required to establish a formal agreement with each educational agency with the SDA. Rather, it is intended that SDA's establish such agreements only with those educational agencies that will be responsible for providing services to JTPA youth participants.

### *State and DSA set-asides under title IIA and title IIC*

S. 2055 modifies the current structure of JTPA set-asides for statewide activities. The bill provides that 23 percent of title IIA and 18 percent of title IIC funds be reserved at the State level: 3 percent for incentive grants to SDA's based on program performance; 2 percent for capacity building and technical assistance; 5 percent for State administration; 8 percent for State Education and Coordination Grants; and 5 percent (of title IIA programs) for programs to serve older workers.

The Committee's revisions of the set-asides reflect the recommendations of the JTPA Advisory Committee, the Department of Labor, and witnesses appearing before the Committee.

Administration Set-aside: The bill provides that 5 percent of each State's allocation for title IIA and title IIC be retained at the State level for program administration. In applying the 5 percent administration set-aside to both title IIA and title IIC, JTPA funding for State administration would be approximately $89 million (at fiscal year 1992 appropriations levels). This provision takes into consideration the longstanding concern of program administrators that money be allowed for program administration. The provision will also assist States in meeting the administrative and monitoring responsibilities imposed by S. 2055. To the extent that these funds will be used to pay for data collection and other management activities, the funding also is designed to enhance program quality.

Capacity building Set-aside: The creation of the 2 percent capacity building and technical assistance set-aside reflects the Committee's priority that the JTPA system, and the people who work in it, receive the support they need to operate quality programs. The JTPA Advisory Committee also recommended that funds be set aside for this purpose. Roughly $35 million would be allotted for this purpose (at fiscal year 1992 appropriations levels). Capacity building activities include: developing new service strategies through research and demonstration projects with specific research goals and provisions for evaluation of these goals; replicating model service designs; providing technical assistance to service providers; providing staff development and training for employees of the private industry council, the administrative entity, and service providers; developing and improving information systems; and improving dissemination of program information, teaching methods, and other materials.

State Incentive Grants Set-aside: The Committee intends that the Governors' incentive grants be funded separately from technical assistance activities. Consequently, S. 2055 provides that 3 percent of title IIA and title IIC funds be set aside for State incentive awards. This would result in the availability of approximately $53 million (at fiscal year 1992 appropriations levels) for State incentive awards to encourage service to special populations. Further, the incentive awards will promote coordination between human resource systems and encourage experimentation and innovation in serving hard-to-serve populations.

The Committee believes these incentive payments can be an appropriate and effective tool in inducing the JTPA delivery system to emphasize desirable program goals. Therefore, the bill specifies that incentive grants shall be awarded to SDA's that achieve performance standards based on service to hard-to-serve individuals and on the quality of service provided, among other factors.

Currently, there is too much emphasis on costs and too little emphasis on quality in the evaluation of JTPA programs. For these and other reasons, the JTPA Advisory Committee and the Department of Labor recommended that cost standards not be used as a basis for awarding incentive payments to SDA's. The Committee has adopted this recommendation in an effort to improve program quality. The Committee continues to recognize the need for cost effective programs and intends that the Department of Labor continue to monitor program costs carefully. However, the Committee believes that tempering the excessive emphasis on costs in the JTPA system is especially important if JTPA is to maximize its effectiveness.

Older Worker Set-aside: Although the Committee did choose to retain the State set-aside for older workers from existing law, the Committee reiterates its interest in and support for encouraging service delivery areas to provide training services to older persons. After reviewing the recommendations of the Department of Labor and the JTPA Advisory Committee, the Committee concluded that older individuals could be served and gain greater access to the JTPA services through programs at the local level. However, during the 8 years of program experience with a State set-aside for older worker programs, many States have developed exemplary methods and programs for servicing this group.

The Committee determined that retaining funds at the State level would provide the least disruption of services and still meet the employment and training needs of older Americans. The Committee recognizes that the poor record of the States over the initial 5 years of program experience in spending the 3 percent funds has been overshadowed by the most recent three years during which many States have provided excellent service.

The Committee continues to recognize the important role that older workers play in the labor market, particularly with an aging population. Consequently, S. 2055 includes several provisions to ensure that the needs of older workers are recognized and met throughout the JTPA delivery system.

The bill replaces the 3 percent set-aside with an equivalent 5 percent set-aside from title IIA. The Committee intends that this new set-aside for older individual programs ensures that the number of older individuals served will be maintained or increase.

State Education and Coordination Set-aside: The 8 percent set-aside for education and coordination under title IIA in current law is replaced in S. 2055 by a similar State set-aside of 8 percent of title IIA and IIC funds for a new set of more specific, coordinated education and training goals (described in detail below).

The Committee believes that the 8 percent set-aside has never been used to its fullest potential. Twila Young, A JTPA consultant and a member of the JTPA Advisory Committee, testified that the purpose of the 8 percent set-aside was, "worthy * * * and deserved to be tried. However, * * * the 8 percent set-aside has not accomplished its purpose."

Ann Abel, an SDA director in Danville, Illinois, and a member of the JTPA Advisory Committee, further testified that special set-asides such as the 8 percent (and the 3 percent), "do not consistently assure joint planning, funding and service delivery on behalf of disadvantaged persons. With genuine collaboration, the education system stands to gain access to increased JTPA funds, and unskilled, jobless youth stand to gain the skills that will enable them to become productive and self-sufficient members of the workforce."

The Committee applauds the efforts already ongoing in many States to bring about a closer coordination among human resources programs that goes beyond education and job training systems. Clearly, there are States that already have made great progress in these areas. For example, the State of Wisconsin has had exemplary success with its "Education for Employment" program that provides instruction in the practical application of basic skills, school-supervised work experiences, and career exploration and planning. The success of this JTPA-coordinated initiative has been built upon effective communication and coordination with business, labor organizations and education agencies. Wisconsin has recognized the need to determine the expectations of educators, employers and program participants and has utilized the full participation of these partners in educating and training disadvantaged youth. The committee believes every State will benefit from organizational, institutional and program coordination such as Wisconsin's Education for Employment program.

In light of these widely recognized concerns and successes, the Committee's amendments encourage close cooperation between the job training and educational systems. The bill requires that the 8 percent be spent specifically for: (1) school-to-work transition programs; (2) literacy and lifelong learning opportunities; (3) programs to place women in nontraditional employment; and (4) coordinated education and training programs. It is the Committee's hope that these specific education and job training goals will induce more coordinated approaches to workforce preparation among both adult and youth programs, and various Federal employment, education and training-related programs.

The Committee has learned that some States have received communication from the Department of Labor which indicates that the 8% education and coordination set-aside funding may not be used for providing services to 14 and 15 years old (other than pre-employment, work maturity services). It is the intention of the Committee as illustrated in the new specified goals of education and coordination programs that these funds be available to serve 14 and 15 year olds if State and local JTPA administrators find it appropriate.

*Preventing discrimination in JTPA programs*

After a review of practices in a third of the SDA's across the nation in 1991, the GAO has expressed concern that there are racial and gender disparities in the provision of services under JTPA; women and minorities were less likely to receive occupational training or training for higher wage jobs. GAO's report contains four specific recommendations to address this concern. S. 2055 contains provisions that are responsive to these recommendations.

The program design changes in S. 2055, which require individualized assessments and service strategies, should help to ensure that services are provided in a non-discriminatory manner based on individual needs, skills and interests. The requirment that basic and occupational skills training and supportive services be provided whenever assessment indicates such services are needed also promotes more intensive and comprehensive services that should enhance the long-term employability of all participants and lead to higher wages. In addition, new data requirements will make it easier to ensure compliance with the non-discrimination requirements of the Act.

*National and Community Service Act youth corps linkages*

JTPA represents an investment in human resources which the Committee believes will yield valuable dividends in the form of greater economic competitiveness; the retention of high-paying, high-skilled jobs in this country; but also in the enhanced self-esteem, dignity and civic pride that is created when citizens become economically self-sufficient. S. 2055 specifies that the return on our investment in job training be measured by establishing criteria by which we can gauge increases in educational attainment and occupational skills, increased employment and earnings and reduced welfare dependency. Less tangible but equally as important to the Committee, are the enhanced citizenship skills that accrue to a workforce empowered by its productive capacity. Citizenship skills are understood to be those skills and qualities such as teamwork, problem-solving, self-esteem, initiative, leadership, commitment to lifelong learning and an ethic of civic responsibility that are characteristic of productive workers and good citizens. The Committee believes that Youth Corps programs foster these skills by involving young people in projects which provide visible community benefits.

Civic pride is in short supply among many of our Nation's disadvantaged youth who, seeing little hope for the future, choose unconstructive and apathetic lifestyles. The Committee wishes to clarify its intent that providing Youth Corps services to disadvantaged youths is a means to restore the hope of a better future thereby creating a motivated, concerned younger generation equipped with the occupational and citizenship skills that are crucial to the continued strength of the Nation.

Whenever possible, the Committee wishes to encourage the involvement of JTPA participants in youth corps programs which foster citizenship skills whether or not the other youth corps members are funded under JTPA. In particular, the Committee encourages linkages of the JTPA with youth corps programs where citizenship skills are a central feature of the program, such as those programs authorized by the National and Community Service Act.

*Native American programs*

Indian tribes and organizations representing Native Americans have expressed concerns to the Committee about the way in which Native American programs are being administered within the Department of Labor. These concerns include the fragmentation of authority over policy affecting Native American grantees, the duplication of monitoring functions, and the imposition of performance and administrative standards that seem unsuited to the effective operation and sound management of the programs.

The bill includes language to amend Section 401 of title IV to ensure that there is a single point of accountability within the Department of Labor's structure for the many different aspects of its dealing with grantees. The Department is also required to increase its efforts to attract Native American staff. The Committee encourages the Department to renew its commitment to recruiting Native American staff at all levels, including in positions responsible for program policy, and will carefully monitor its progress toward this goal.

The Committee believes that Native American programs can attain the objectives set out for them in Section 401. These objectives can be attained when the Department of Labor is appropriately staffed and establishes a proper working relationship with program operators. This staff must perform both policy and support functions as well as thoroughly understand what it takes to serve the jobless in Native American communities. An open, ongoing dialogue between the Department and program operators is crucial to meeting the needs of the Native American community.

The bill requires the Department of Labor to establish an Advisory Council for Native American job training programs that will directly represent Indian tribal governments, off-reservation Indian organizations, Native Alaskan organizations, Native Hawaiians and American Samoans. The Committee expects the Secretary to work closely with this Council, taking full advantage of the suggestions of its members and the constituencies they represent, on ways to (1) better serve participant needs, (2) build a stronger human and economic resource base in Native American communities, (3) more effectively integrate JTPA services with related Indian programs, and (4) reduce the administrative burdens currently associated with Native American JTPA grants.

*Migrant and seasonal farmworkers*

The Committee is aware that the Department of Labor has interpreted OMB Circular A-122 to prohibit grantees from using grant funds for legal, accounting or other consulting services relating to an audit after the grant officer issues a final determination. This precludes grantees from utilizing these resources for such services to resolve the audit matters during review of the grant officer's determination in hearings before an administrative law judge and during the final review of the matter by the Secretary. The Committee is also aware that the Department of Health and Human Services, the largest grant making agency in the Federal government, has a different interpretation of OMB Circular A-122 which allows grant funds to be used for such services until a final determination is made by the Secretary.

The Department of Labor's interpretation has proven particularly burdensome for nonprofit and single-purpose organizations, such as organizations providing job training services to migrant and seasonal farmworkers under Section 402 of the Act. These grantees have no private resources available to obtain assistance in resolving audit matters during the important administrative proceedings before the Department's administrative law judge and the Secretary. The Committee therefore requests that the Department of Labor review this matter, giving full consideration to the HHS interpretation. The Committee further requests that the Department submit a written report to the Committee regarding any appropriate procedural changes that can be made to permit grantees to utilize grant funds for reasonable and necessary costs associated with audit resolutions in any Departmental proceedings.

The Committee recognizes as with the Native American JTPA programs, migrant and seasonal farmworker programs have benefitted from centralized administration within the Department of Labor. The Committee encourages the Department of Labor to provide a single office which focuses on the problems of seasonal farmworkers, both migratory and non-migratory, and on programs designed to meet their unique needs. Furthermore, an office comprised of and headed by individuals with direct employment and training field experience and expertise in working with the farmworker population may best be suited to administer Section 402 programs.

It has come to the Committee's attention that the employment of farmworkers on Christmas and other tree farms and other logging operations, fish farms, and fruit and vegetable processing operations has significantly increased. The Committee suggests that the Department of Labor review and periodically update Section 402 regulations to recognize the changing nature of agricultural employment.

The Committee has learned that the competitive process used to award Section 402 grants is not always consistent with the government's standard competitive procurement policies. To the extent practicable, the committee urges the Department of Labor to ensure that no entity competing for a grant be awarded points based on any non-competitive criterion. The competitive process should be consistent with standard government competitive procurement policies.

*Job Corps*

The Committee considered and adopted with modification the request of the Department of Labor to increase from 10 percent to 20 percent the ceiling on the percentage of individuals who may be enrolled in Job Corps as non-residential participants. The bill includes language to amend part B of title IV, however, to ensure that the number of non-residential slots will not increase at the expense of decreases in the number of residential slots.

### *National activities*

S. 2055 simplifies, consolidates and updates current law provisions in part D of title IV relating to national partnerships, research and demonstration, pilot projects, evaluation, training and technical assistance, and projects for special populations.

The Committee intends that the Secretary of Labor develop and publish a strategic, multiyear plan for the development and expansion of the employment and training system to provide a national framework for capacity development. A significant finding of the JTPA Advisory Committee is that federal training and technical assistance responsibilities have been neglected.

### *National Occupational Information Coordinating Committee*

The bill authorizes in part E of title IV the National Occupational Information Coordinating Committee (NOICC) at no less than $6 million. The Committee has been impressed with the success of the NOICC network in improving communication and coordination among producers and users of occupational and career information. The Committee believes these funds will provide a critical link in supporting activities under this Act in areas such as helping job training and economic development program planners identify the cccupations for which there is future demend; providing career information for a range of clients from early childhood through adulthood; and serving as a primary source of occupational information for the State Job Training Coordinating Council.

### *National Commission for Employment Policy*

S. 2055 authorizes the National Commission for Employment Policy at a level of $2 million. The Committee has been troubled by events over the past several years that have shaken public confidence in the objectivity and quality of the Commission's research products. The Committee understands that the Commission now has new leadership and expects that the Commission will improve the quality of future work.

### *Replication of successful programs*

The bill authorizes a new program in part H of title IV at $10 million in fiscal year 1993, and such sums as necessary thereafter, for the replication of innovative and successful adult, youth and dislocated worker employment and training models throughout the JTPA system. As Marion Wright Edelman, president of the Children's Defense Fund, testified before the Subcommittee on Employment and Productivity, "a focused replication effort within JTPA is long overdue. No business or corporation could survive without some way of field testing its products or services, incorporating the lessons learned and franchising the results throughout the firm. We need a similar mechanism."

The Department of Labor is credited with already undertaking a similar kind of replication on a limited scale in its national pilot and demonstration efforts. One example, the Summer Training and

Education Program, developed by the Public/Private Ventures organization in dozens of communities throughout the country represents what we should be doing systematically for successful programs. Similarly, national pilot projects conducted by the Department have been in the forefront of the design and delivery of training and job placement services for individuals with disabilities.

While the Committee recognizes that the funding level authorized is relatively small, we believe that this program could have a large impact on the JTPA system by providing for the diffusion of successful models within and across States and improving the use of far larger sums available under title II. The Committee anticipates that this new program will replicate within the Department of Labor the successful National Diffusion Network in the Department of Education.

S. 2055 provides that the Secretary of Labor award grants for model programs that are likely to be replicable on a large scale and successful in improving the employment prospects of economically disadvantaged adults, youth and dislocated workers.

### *Fair chance youth opportunities unlimited program*

S. 2055 establishes a new youth initiative, the Fair Chance Youth Opportunities Unlimited Program in part I of title IV of JTPA. It combines elements of a proposal described in the William T. Grant Foundation report, "The Forgotten Half: Pathways to Success for America's Youth and Young Families," and the Youth Opportunities Unlimited proposal advanced by the Department of Labor.

The Committee recognizes that we invest too little in education and training for the majority of our young people who do not go on to college after high school and for those who do not complete high school. The Fair Chance program is intended to provide additional federal resources to expand and intensify education and training opportunities for youth in our Nation's most poverty stricken communities. It further acknowledges that local communities experience difficulty integrating the variety of Federal, state and local resources that can meet the multiple needs of disadvantaged youth in impoverished areas.

The Committee anticipates the achievement of several goals under this new program. One goal is to encourage and equalize opportunities between youth who go on to college and those who do not. Another goal is to increase access to education, training and employment opportunities. A third goal is to foster cooperation and coalition-building among education and training institutions, and the employing communities and to stimulate the development of coordinated, comprehensive and cost-effective, systems for education and training needs. The Committee recognizes that employment and education must often occur simultaneously for low-income youth. Therefore, the Committee urges that employers and the education and training community work together to provide integrated "employment-learning" programs. An additional purpose of the Fair Chance program is to provide sufficient aid and support services so that youth will enroll in and complete education and training programs.

The Committee believes that access to private sector employment opportunities for youth participating in Fair Chance projects would be advanced by strong public-private collaborations. Experience in Boston and other cities demonstrates that the market for jobs for young people can be organized, assuring that young people who stay in high school or alternative training and education programs will gain access to stable employment and the possibility of a secure economic future. Such public-private initiatives recognize that the youth labor market is chaotic, and that information is often inadequate or inaccurate.

The Fair Chance Youth program recognizes the value of these initiatives by encouraging participating communities to develop public-private collaborations that organize the transition from school or training to work. Effective efforts in this area typically include the following elements: private firm commitment to priority hiring of young people in public education and publicly funded training programs; the recruitment of a substantial number of firms to participate in the collaboration; the organization of a network of career specialists to coach young people, organize interviews, and work with employers; and recognition of a portion of wages paid by the private sector to hard-to-employ youth as non-Federal "matching" funds.

The Committee hopes that the Fair Chance program will be administered in a manner that stimulates the development of public-private collaborations that embody these key elements. The bill provides that the program will be administered by the Secretary of Labor and will target communities with poverty rates of 30 percent or more. The Committee intends that priority in awarding funds be given to applications representing areas with the highest degree of poverty, and with the ability to offer the most comprehensive services. The program's requirements ensure that additional goals for the target communities will address such ciritical issues, as increasing safety or reducing the number of drug-related arrests.

S. 2055 authorizes the new youth program at $100 million in fiscal year 1993, and such sums as necessary thereafter. The federal grants will pay 50 percent of the costs of each Fair Chance project; participating communities must meet the remaining costs with other Federal, State, local or private resources. The bill includes a stipulation that each participating community may not provide more than 25 percent of its share of program costs from non-JTPA federal funds. The Committee intends that communities may use State and local in-kind resources to assist in meeting the matching requirements of the program.

*Jobs for employable dependent individuals*

The purpose of Jobs for Employable Dependent Individuals is to provide incentives to reduce welfare dependency, promote self-sufficiency, increase child support payments, and increase employment and earnings of individuals by providing to each participating State a bonus for providing job training and placement to absent parents of children receiving aid to families with dependent children and to blind or disabled individuals receiving supplemental social security income.

An individual is eligible if the individual (1) is an absent parent of any child receiving aid to families with dependent children, (2) has participated in education, training, or other activities (including Job Corps) provided under this Act, and (3) pays child support for the child or children specified in (1) following termination from activities provided under this Act. An individual is also eligible if the individual is blind or disabled, was receiving benefits pursuant to title XVI of the Social Security Act has participated in education, training or other activities (including the Job Corps) provided under this Act, and earns from employment a wage or income.

The amount of the incentive bonus paid to each State shall be: (1) the amount of child support paid be each individual eligible for up to 2 years after such individual's termination from activities under this Act; and (2) the reduction in Federal contribution to the amounts received under title XVI of the Social Secuirty Act by each eligible individual for up to 2 years after such individual's termination from activities under this Act.

*Transition provisions*

The effective date of S. 2055 is December 1, 1992, in preparation for the JTPA program year 1993. In order to ensure an orderly implementation of the new law, S. 2055 grants the Secretary authority to establish rules and procedures that may be necessary for a smooth transition and implementation of the new program requirements. The Committee encourages the Department of Labor to issue new program guidance and regulations as promptly as possible to give States, SDA's and JTPA program administrators timely information regarding the implementation of S. 2055. The Committee notes that this information is critical in assisting States and SDA's in their program planning activities, and in avoiding the disruption of services to current JTPA program participants.

## X. ADDITIONAL VIEWS OF MR. HATCH

During the Senate's consideration of S. 2, the "Strengthening Education for American Families Act," I offered an amendment that would have changed a Federal funding formula for the distribution of monies for "educationally disadvantaged" children.

Under this formula, found under Chapter 1 of the Elementary and Secondary Education Act of 1965, money is distributed on the basis of two factors: The number of children in poverty; and the state per pupil expenditure.

The effect of this formula is to provide $1.50 to every poor child in Connecticut (which has the highest per capita income of any state in the U.S.) for every $1.00 provided to a poor child in Mississippi (which has the lowest per capita income).

The operational reality of this Chapter 1 formula led me to question its usefulness in targeting "educationally disadvantaged" children. Poor children, it seems, may fare equally in the eyes of God, but not under the Chapter 1 formula.

The amendment I devised to correct this inequity simply required that once poor children are identified, the same amount of money, per child, would be allocated to each of the states. Regrettably, the simplicity of this approach got tangled in the politics of funding. The issue of fairness and equal treatment for poor children was lost in an effort by states who stood to lose the most to maintain the status quo.

I am now concerned about a similar inequity under the Job Training Partnership Act (JTPA). During the development of S. 2055, the opportunity to correct this inequity presented itself. And, once again, we have allowed politics to overrule common sense and fundamental fairness.

Notably, the pros and cons of changing the JTPA state allocation formula is something we had previously discussed thoroughly in this Committee and agreed to. In fact, just two years ago, we agreed in this Committee to change the formula so it would "deal fairly" with the poor in each state. This Committee agreed on this formula change by a vote of 15-1. Those that resist making the formula change now, and those who supported it strongly then, are ironically one and the same.

The Committee presumably supported a formula change based on the substantive merits. S. 2055, like similar, preceding bills, seeks to "better target resources" to those economically disadvantaged citizens in this nation who are "most in need." If this goal is to be seriously addressed, it makes no sense not to revise the formula so that our financial commitment to the poor is consistent with this objective. Simply stated, without putting up the money to back up our noble intentions, we are destined to fall far short of our objective.

I know that states that will not fare well under a changed formula have cried that this formula change we agreed upon is a "bill-killer." But, the merits of this change should be evaluated according to its benefit to poor people in all states—not just a few. And, the facts seem to indicate that a clear majority of the states would fare better under a revised formula change. Thus, a minority of states are blocking this change with threats of not permitting this bill to proceed further if a funding formula change is contained therein.

The bottom line ought to be whether, in fact, such a formula change as the one I have argued for (the same formula change that was contained in the bill that passed this Committee by a 15-1 vote) is good, sensible public policy? I believe it is.

Under current law, federal money is allocated to states based, primarily, on the number of unemployed individuals in each state. Retaining a funding formula based on unemployment statistics rather than on the number of economically disadvantaged is the issue.

While I realize the difficulty in looking beyond today's high unemployment picture to tomorrow's dilemmas, chronic structural unemployment will be one of those problems unless we make these adjustments now.

Addressing the skills shortage is not just a function of training those who are the easiest to get into the workforce in the shortest period of time.

The fact is that, given severe shortages in entry level personnel, employers will take action to employ and train those who are most capable. In other words, employers will cream the best, leaving the hardest to train behind.

We should use tax dollars to supplement the free market. We should pick up where the free market ends by better targeting very limited resources to the most needy—those least likely to be hired.

In my view, it is quite illogical to tighten eligibility rules to address the "creaming problem" without also changing the funding formula that is currently weighted toward unemployment statistics.

That is self-defeating given the board goals of JTPA. It reaps a grossly unfair result under which the poor in one state are less equal than the poor in another because of a biased funding formula.

Let me explain. Limited resources now dictate that about 5 percent of those eligible to receive services under JTPA enter these programs. The formula change I would like to see implemented would distribute funds based on the "relative number of economically disadvantaged" eligible for services in each state. Thus, proportionately, one state could serve their equal share.

However, those included in unemployment statistics may not qualify for services as economically disadvantaged people. Thus, one State may receive a disproportional share of money and therefore, be able to serve 6 percent of their economically disadvantaged population while another state can only serve 4 percent.

Quite simply, it makes no sense to send money based on numbers of people not even eligible to receive services. It takes from the poor in one state and gives to the poor in another.

Thus, like the Chapter 1 formula, these poor people might be equal in the eyes of God, but not under the JTPA state allocation formula. An executive summary of an assessment made for the U.S. Department of Labor on this issue several years ago is attached. In sum, the study conducted by ABT Associates, Inc. concludes, "the current formula does not distribute JTPA resources in a fully equitable manner." The study continues, "JTPA resources are being pulled away from areas with the highest concentrations of economically disadvantaged residents in favor of those with high shares of unemployed."

While other positive aspects of this bill demand our attention and justify this Committee favorably reporting this bill, I hope that we will not soon forget that the purpose of JTPA is to provide economically disadvantaged citizens in each state with meaningful training opportunities. This purpose should be applied in an even-handed fashion. Regrettably, without a revision being made in the funding formula, such even-handedness is not possible.

ORRIN G. HATCH.

[Attachment]

## AN ASSESSMENT OF FUNDING ALLOCATION UNDER THE JOB TRAINING PARTNERSHIP ACT

(Contract No. J-9-M-5-0051—August 31, 1986)

Submitted to: Mr. Ray Uhalde, U.S. Department of Labor, Room 8018, 601 D Street, NW, Washington, DC.

Prepared by: Glen Schneider, Project Director, Michael Battaglia, Christopher Logan, Jeffrey Zornitsky.

### EXECUTIVE SUMMARY

*Objectives and methodology*

Over the past 25 years, intergovernmental grants-in-aid have grown to represent an important major policy tool for the federal government. Such grants have been used to augment the availability of general revenue at the state and local levels and to address specific national priorities. Between 1954 and 1984, grants-in-aid to state and local governments increased from $2.9 billion to $97 billion. While their share of the federal budget has recently declined from 17 percent in 1979 to 11 percent in 1984, the magnitude of the grants-in-aid program alone leaves it as a significant policy tool and source of revenue for states and localities.

In recent years the block grant has become a widely used form of intergovernmental transfer. Block grants are a flexible lump sum transfer typically allocated by formula for use in a wide range of activities within a specified functional area. The Job Training Partnership Act (JTPA), enacted in 1982, is currently one of the larger federal programs funded through such a formula-driven block grant.

In Program Year 1985 (PY85) the U.S. Department of Labor distributed over $2.9 billion to states to fund programs under various titles of JTPA. The vast majority of funds ($1.88 billion) were distributed under Title IIA to support employment and training programs for economically disadvantaged adults and youth. An additional $284 million was made available under Title IIB for the operation of summer youth employment programs. Title III of JTPA allotted over $220 million in formula funding to states for the provision of training and reemployment services to displaced workers.

Titles IIA and IIB currently use identical allocation formulas for the distribution of funds. This same formula is also used by governors who are responsible for passing the majority of the funds through to local service delivery areas (SDAs) for actual program operations. Title III relies on a separate allocation formula which is intended to reflect its unique focus on dislocated workers. Unlike Titles IIA and IIB, the governor is given complete flexibility in determining if and how these funds will be distributed to the local level.

Since JTPA was implemented, considerable attention has been devoted to the adequacy of these allocation formulas. The vast majority of concern has focused on the Title IIA and IIB formula, since it is responsible for distributing over 90 percent of the JTPA grants to states. In addition, nearly 600 local service delivery areas are directly affected by this formula.

Concerns have been raised by practitioners regarding the ability of the formula to provide stable year-to-year funding. Others have criticized the formula for not adequately targeting funds to central cities where there are sizeable concentrations of labor market problems. Still others have argued that the formula is not equitable because the underlying data do not reflect current economic conditions.

Prompted in part by such concerns, the U.S. Department of Labor commissioned a research study in July 1985 to explore the problems with, and possible alternatives, to the current Title IIA and IIB allocation formula. The objectives of the study, as specified in the Request for Proposals, were to conduct:

A comparison of the allocated distribution of JTPA funds and the geographic distribution of program eligibles

A critical survey of data bases and data items available (or potentially available) for use in JTPA allocation formulas at the state and local level

A comparative analysis of alternative JTPA allocation formulas.

The study was conducted in phases, which consisted of:

A review of relevant literature and legislation to establish a conceptual foundation for examining the JTPA allocation formula

Interviews with practitioners, public interest groups, and Congressional staff to identify the full range of issues and concerns that have arisen and solicit opinions on desirable alternatives

Empirical analyses using a variety of secondary data sources in order to assess the scope and dimension of various problems identified with the allocation formula. Data sources used in this phase were actual Program Year 1984 and 1985 formula factor and allocation data for all states and the nearly 600 SDAs across the country. These data were supplemented with additional information from the 1980 Census of Population and the 1985 Current Population Survey.

An evaluation of alternative data sources and formula specifications for purposes of improving the current Title IIA and IIB allocation formula.

### *Summary of the Allocation Formula*

The Job Training Partnership Act specifies that Title IIA and IIB funds are to be distributed to states and SDAs based on the following needs-based factors, relative weights, and definitions:

| Factor | Definition |
|---|---|
| (A) 33⅓ percent on the basis of the relative number of unemployed individuals residing in areas of substantial unemployment. | The term "area of substantial unemployment" means any area of sufficient size and scope to sustain a program under part A of title II of this Act and which has an average rate of unemployment of at least 6.5 percent for the most recent twelve months as determined by the Secretary. |
| (B) 33⅓ percent on the basis of the relative excess number of unemployed individuals. | The term "excess number" means the number which represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in the service delivery area of the number which represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in areas of substantial unemployment in such service delivery area. |
| (C) 33⅓ percent on the basis of the relative number of economically disadvantaged individuals. | The term "economically disadvantaged" means an individual who has, or is a member of a family which has received a total family income (exclusive of unemployment compensation, child support payments, and welfare payments) which, in relation to family size, was not in excess of the higher of (i) the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget, or (ii) 70 percent of the lower living standard income level. |

In addition, the law mandates that each state receive a specified minimum share (.0025 percent) of total funds and that no state's share can dip below 90 percent of the proportion received in the previous program year.

The actual distribution of Title IIA and IIB funds follows a two-tier process. Under the first tier, the Secretary of Labor awards an allotment to each state based on its relative share of the three formula factors noted above. The governor then "repools" 78 percent of the allotment into three equal size pools from which SDA allocations are determined on the basis of the same three factors.[1]

This repooling step occurs regardless of the original composition of the state allotment. For example, 50 percent of the state's allotment may have been the result of the state's relative share of the nation's excess unemployed population. However, under the current distribution method, the Governor is required to "repool" the funds in order to insure that only 33⅓ percent of the funds are distributed to SDAs based on this excess unemployment factor.

### *Key research issues and findings*

In assessing the Title IIA and IIB allocation formula, several key research questions served to focus the analysis. these issues fall into four areas:

Distributional equity: Does the formula promote the equitable allocation of funds as defined or implied by the JTPA legislation? Are funds distributed consistently with the distribution of the eligible population?

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[1] Under Title IIA the governor retains 22 percent of the state allotment for state programs and administration. Under Title IIB, 100 percent of the funds are distributed to SDAs.

Funding stability: Does the formula provide stable, predictable funding on a year-to-year basis?

Data quality: Are the data underlying the formula of sufficient quality to accurately and currently measure the labor market concepts embodied in the allocation formula?

Simplicity and intuitive appeal: Can the formula be readily understood by those who have an interest in the allocations made through it?

Empirical research was conducted in the first three areas noted above, while the fourth issue was assessed qualitatively for the purpose of examining various aspects of the existing formula as well as potential alternatives. A summary of the findings is presented below.

### *Distributional equity*

The concept of equity is multi-faceted and subject to a variety of interpretations. In light of the JTPA emphasis on serving the economically disadvantaged (ED) population, we adopted a simple definition of equity that suggests that state and local funding under Title II should directly reflect an area's share of this population.

Using this definition, our results demonstrate that the current Title IIA and IIB formula does not distribute JTPA resources in a fully equitable manner. The most influential factor promoting such inequity is the limited overlap between the economically disadvantaged population and the unemployed population which is represented by the excess and ASU unemployment factors. The two populations tend to have quite different geographical distributions as well as little consistency with regard to their socioeconomic characteristics. Specifically, we found that:

Over one-third (33.6 percent) of the economically disadvantaged (ED) population lived in urban areas, compared to a little over one-quarter (26.8 percent) of the excess unemployed.

Of the ED population 16 and over, only 6.1 percent were unemployed at the time of the Census. The vast majority (62.7 percent) were out of the labor force.

Of the unemployed population, less than 20 percent were classified as economically disadvantaged.

The ED population (16–21) is heavily female (61 percent) and poor (over 60 percent had family incomes lower than 75 percent of the poverty level). In contrast, the unemployed population is predominantly male and nearly three-quarters had family incomes in excess of 125 percent of the poverty level.

The absence of overlap coupled with the weight attached to the unemployment-based factors results in JPTA resources being "pulled" away from areas with the highest concentrations of ED residents in favor of those with high shares of unemployment. In practice, regions such as the Upper Midwest get "overfunded" in relation to their shares of the ED population, while southern regions get "underfunded." Similarly, central cities where the ED are heavily concentrated, received a significantly smaller share of overall resources than this concept of equity would distribute to them.

The two-tier distribution process was also examined as a potential contributor to funding inequities. Of particular interest was influence of the repooling step, which requires the governor to alter the composition of the state allotment in order to form equal size pools from which SDA allocations are calculated. Our research addressed two specific questions:

How often does the repooling process result in the artificial "expanding" and "reducing" of funding pools?

Does the process of "expanding" and "reducing" appear to affect funding equity by drawing monies away from any particular factor in favor of another?

With respect to the first question, we found that virtually every governor was required to engage in some degree of redistribution in order to establish the three equal size funding pools. Research into the second question revealed that in PY85 the ED factor funding pool was most adversely affected by this process. Specifically, we found that in 60 percent of the states, funds that were brought in as a result of a state's comparative share of the ED population eventually were directed to the other two factor pools in order to comply with the distribution process. By "reducing" the size of this pool to create three distribution pools of *equal* size, the process produces an adverse impact on equity since it reduces the extent to which areas are funded consistently with their share of the eligible population.

Simulations were conducted using several alternative distribution methods to determine if funding equity could be enhanced. The results suggested that either a direct allocation from the federal level or a two-tier process that eliminates the governor's repooling step would produce more desirable results.

*Funding stability*

A commonly voiced issue, particularly from the practitioner community, concerns the current formula's ability to adequately stabilize local funding from year to year. This is a critical issue at the local level since swings in funding (especially cuts) can impair an SDA's ability to establish a permanent, effective service delivery capacity.

A review of actual allocation data demonstrated considerable fluctuations in SDA funding from the first JTPA program year to the second. During a period when national Title IIA funding remained fairly constant, over 40 percent of the SDAs experienced at least a 10 percent absolute change in finding, and over 11 percent of the SDAs experienced an absolute change in excess of 25 percent. The SDAs experiencing the most volatile funding swings tended to be those with the smallest resource base. These changes in the actual funding levels of SDAs imply some level of volatility inherent in the Title IIA and IIB allocation formula.

Since state and SDA shares of the economically disadvantaged are currently set at 1980 Census values, only the excess and ASU unemployment factors have the potential to produce annual variations in funding allocations. Indeed, both factors were shown to contribute to funding changes, with excess unemployment appearing to be the most influential. In both cases the measure's contribution to funding changes appears to be influenced by a factor definition that includes a "threshold" or "cut-off" level. For example, our research with the excess unemployment factor examined the impact on funding stability of raising and lowering the 4.5 percent threshold. Specifically, raising the threshold to 6.5 percent produced considerable volatility, while eliminating the threshold altogether considerably enhanced funding stability. It thus appears that shares of an increasingly diminished base (i.e., number of unemployed above 6.5 percent) are considerably more stable than shares of a broader-based measure (i.e., total number of unemployed).

Our research also noted that local funding stability can be enhanced by extending the reference period used for calculating state and local factor shares. For instance, averaging an SDA's share of unemployment over a two-year period tends to "smooth out" many fluctuations that can occur over a shorter period.

### *Data quality*

A number of more technical concerns have been raised regarding accuracy and currency of data supporting the allocation formula. The overriding concern is the continued reliance on the Census as the sole source of data on the economically disadvantaged population. The concern of course is that the distribution of the ED population shifts over the course of a decade, resulting in a maldistribution of JTPA resources. Our research has confirmed that this population shifts over periods as short as five years and could generate a sizable redistribution of JTPA dollars.

In light of this problem we devoted considerable attention to exploring alternative data sources for securing more current estimates of this JTPA/eligible population. The most promising option was the Current Population Survey's Annual Work Experience Supplement, which has several key strengths. First, the CPS is a methodologically rigorous survey that is already in place. Second, the CPS is already used to generate unemployment estimates for the current formula. As a result the survey is a known commodity to the JTPA community. Finally, the CPS sampling frame has recently been redesigned to insure a greater level of accuracy at each site.

Our research indicated that a minimum of two years (and more safely, three years) of ED data should be combined to insure a sufficient level of accuracy at the state level. The combination of March CPS supplements will also serve to enhance funding stability due to an overlap in the sample from year to year, as well as the stabilizing influence of a multi-year average. It should be noted, however, that the use of such updated estimates of the ED population from the CPS Work Experience Supplement still requires the use of Census-based information to ED establish SDA-level estimates.

### *Improving the allocation formula*

This study has generated a number of options for improving the Title IIA and IIB allocations formula:

Increase the emphasis of the formula on the JTPA/eligible population. Currently, the economically disadvantaged factor accounts for only one-third of the total formula weight. In addition to promoting distributional equity, this change would enhance stability, since ED estimates cannot be updated as frequently as unemployment-based data.

Decrease the emphasis of the formula on the unemployed population. Our research has demonstrated that there is very little overlap between this population and the eligible ED population. The heavy weight on the two unemployment-based factors (combined 66 percent) is thus quite inconsistent with the basic objectives of JTPA.

Eliminate the repooling step which currently characterizes the two-tier distribution system. In addition to promoting a more equitable distribution, the elimination of this somewhat artificial step would reduce the complexity and enhance the intuitive appeal of the formula.

Eliminate the use of threshold-based measures. The use of any unemployment-based measure should thus consider a "total unemployment factor" rather than the current excess or ASU factor. The elimination of the ASU factor will also improve the uniform application of the formula.

Use an extended reference period for calculating state and local factor shares. This can serve to "smooth out" many of the destabilizing fluctuations that can occur over a shorter time frame.

Consider the use of the CPS March Work Experience Supplement as a source of state-level estimates of the ED population. The merging of three years of data can provide both improved currency as well as precise estimates of this population. Such improvements in data currency are particularly important if the ED factor is to take on increased emphasis.

## XI. CHANGES IN EXISTING LAW

In compliance with rule XXVI paragraph 12 of the Standing Rules of the Senate, the following provides a print of the statute or the part or section thereof to be amended or replaced (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

## JOB TRAINING PARTNERSHIP ACT

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### TABLE OF CONTENTS

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### TITLE I—JOB TRAINING PARTNERSHIP

### PART A—SERVICE DELIVERY SYSTEM

Sec. 101. * * *

* * * * * * *

*Sec. 109. Service delivery area transfer and agreement.*
*Sec. 110. Reallocation and reallotment of unobligated funds under title II.*

* * * * * * *

### PART B—ADDITIONAL STATE RESPONSIBILITIES

Sec. 121. * * *

* * * * * * *

[Sec. 124. Training programs for older individuals.]
*Sec. 124. Identification of additional imposed requirements.*

* * * * * * *

## TITLE II—TRAINING SERVICES FOR THE DISADVANTAGED

### PART A—ADULT AND YOUTH PROGRAMS

[Sec. 201. Allotment.
[Sec. 202. Within State allocation.
[Sec. 203. Eligibility for services.
[Sec. 204. Use of funds.
[Sec. 205. Exemplary youth programs.]
*Sec. 201. Statement of purpose.*
*Sec. 202. Allotment and allocation.*
*Sec. 203. Eligibility for services.*
*Sec. 204. Program design.*
*Sec. 205. Linkages.*
*Sec. 206. Transfer of funds.*
*Sec. 207. Studies relating to placement and target populations.*

* * * * * * *

### *PART C—YOUTH OPPORTUNITY PROGRAM*

*Sec. 261. Statement of purpose.*
*Sec. 262. Allotment and allocation.*
*Sec. 263. Eligibility for services.*
*Sec. 264. Program design.*
*Sec. 265. Linkages.*
*Sec. 266. Transfer of funds.*

## TITLE IV—FEDERALLY ADMINISTERED PROGRAMS

* * * * * * *

### PART D—NATIONAL ACTIVITIES

[Sec. 451. Multistate programs.
[Sec. 452. Research and demonstration.
[Sec. 453. Pilot projects.
[Sec. 454. Evaluation.
[Sec. 455. Training and technical assistance.]
*Sec. 451. National partnership and special training programs.*
*Sec. 452. Research, demonstration, and evaluation.*
*Sec. 453. Training and information programs.*
*Sec. 454. Nontraditional employment demonstration program.*

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### *PART H—REPLICATION OF SUCCESSFUL PROGRAMS*

*Sec. 485. Replication.*

### *PART I—FAIR CHANCE YOUTH OPPORTUNITIES UNLIMITED PROGRAM*

*Sec. 491. Statement of purpose.*
*Sec. 492. Definitions.*
*Sec. 493. Program authorized.*
*Sec. 494. Application.*
*Sec. 495. Grant agreement.*
*Sec. 496. Payments; Federal share.*
*Sec. 497. Reporting.*
*Sec. 498. Federal responsibilities.*

## TITLE V—JOBS FOR EMPLOYABLE DEPENDENT INDIVIDUALS INCENTIVE BONUS PROGRAM

[Sec. 501. Statement of purpose.

[Sec. 502. Definitions.
[Sec. 503. Eligibility for incentive bonuses.
[Sec. 504. Additional eligibility requirements.
[Sec. 505. Amount of incentive bonus.
[Sec. 506. Applications and verification required.
[Sec. 507. Payments.
[Sec. 508. Use of incentive bonus funds.
[Sec. 509. Information and data collection.]
*Sec. 501. Statement of purpose.*
*Sec. 502. Payments.*
*Sec. 503. Amount of incentive bonus.*
*Sec. 504. Use of incentive bonus funds.*
*Sec. 505. Notice and application.*
*Sec. 506. Eligibility for incentive bonuses.*
*Sec. 507. Information and data collection.*
*Sec. 508. Evaluation and report.*
*Sec. 509. Implementing regulations.*

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[STATEMENT OF PURPOSE

[SEC. 2. It is the purpose of this Act to establish programs to prepare youth and unskilled adults for entry into the labor force and to afford job training to those economically disadvantaged individuals and other individuals facing serious barriers to employment, who are in special need of such training to obtain productive employment.]

*STATEMENT OF PURPOSE*

*SEC. 2. It is the purpose of this Act to establish programs to prepare youth and adults facing serious barriers to employment for participation in the labor force by providing job training that will result in increased employment and earnings, increased educational and occupational skills, and decreased welfare dependency, thereby improving the quality of the work force and enhancing the productivity and competitiveness of the Nation.*

* * * * * * *

AUTHORIZATION OF APPROPRIATIONS

SEC. 3. [(a)(1) There are authorized to be appropriated to carry out part A of title II and title IV (other than part B of such title) such sums as may be necessary for fiscal year 1983 and for each succeeding fiscal year.

[(2) From the amount appropriated pursuant to paragraph (1) for any fiscal year, an amount equal to not more than 7 percent of the total amount appropriated pursuant to this section shall be available to carry out parts A, C, D, E, F, and G of title IV.

[(3) Of the amount so reserved under paragraph (2)—

[(A) 5 percent shall be available for part C of title IV, and

[(B) $2,000,000 shall be available for part F of title IV.

[(b) There are authorized to be appropriate to carry out part B of title II such sums as may be necessary for fiscal year 1983 and for each succeeding fiscal year.]

*(a)(1)(A) There are authorized to be appropriated to carry out parts A and C of title II such sums as may be necessary for fiscal year 1993 and for each succeeding fiscal year.*

*(B) Of the sums appropriated to carry out parts A and C of title II for each fiscal year, not less than 40 percent shall be made available to carry out part C such title.*

*(2) There are authorized to be appropriated to carry out part B of title II such sums as may be necessary for fiscal year 1993 and for each succeeding fiscal year.*

[(c)] *(b)* There are authorized to be appropriated to carry out title III (other than section 326 thereof)—

(1) $980,000,000 for fiscal year 1989; and

(2) such sums as may be necessary for each succeeding fiscal year.

*"(c)(1) There is authorized to be appropriated to carry out parts A, C, D, E, F, and G of title IV for fiscal year 1993 and each succeeding fiscal year an amount equal to not more than 7 percent of the sum of the amounts appropriated for parts A and C of title II for such fiscal year.*

*"(2) The Secretary shall reserve from the amount appropriated under paragraph (1) for any fiscal year—*

*"(A) an amount equal to 7 percent of the amount appropriated under paragraph (1) to carry out part C of title IV; and*

*"(B) $2,000,000 to carry out part F of title IV.*

*"(3) There are authorized to be appropriated to carry out part H of title IV $10,000,000 for fiscal year 1993 and such sums as may be necessary for each succeeding fiscal year.*

*"(4) There are authorized to be appropriated to carry out part I of title IV $100,000,000 for fiscal year 1993 and such sums as may be necessary for each of the fiscal years 1994 through 1996"; and*

* * * * * * *

[(e)(1) Subject to paragraph (2), there] *(e) There* are authorized to be appropriated for each of fiscal years 1990 and 1994 such sums as may be necessary to carry out title V.

[(2) No funds appropriated pursuant to this Act may be used to carry out such title for any fiscal year unless funds appropriated to carry out part A of title II exceed any change in the consumer price index from the amounts appropriated for the previous fiscal year to carry out such part.

[(3) From amounts authorized to be appropriated for title V pursuant to paragraph (1), not more than $5,000,000 may be used for purposes of section 510 of such title.]

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### DEFINITIONS

SEC. 4. For the purposes of this Act, the following definitions apply:

(1) * * *

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(5) The term "community-based organizations" means private nonprofit organizations which are representative of communities or significant segments of communities and which provided job training services (for example, Opportunities Industrialization Centers, the National Urban League, SER-Jobs for Progress, United Way of America, *Association for Farm-*

*workers Opportunity Programs, literacy organizations, agencies or organizations serving older individuals,* Mainstream, the National Puerto Rican Forum, National Council of LaRaza, 70,001, Jobs for Youth, *organizations that provide service opportunities and youth corps programs,* organizations operating career intern programs, neighborhood groups and organizations, community action agencies, community development corporations, vocational rehabilitation organizations, rehabilitation facilities (as defined in section 7(10) of the Rehabilitation Act of 1973), agencies serving youth, agencies serving **[**the handicapped**]** *individuals with a disability,* including disabled veterans, agencies serving displaced homemakers, union-related organizations, and employer-related nonprofit organizations), and organizations serving nonreservation Indians (including the National Urban Indian Council), as well as tribal governments and Native Alaskan Groups.

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(8) The term "economically disadvantaged" means an individual who (A) receives, or is a member of a family which receives, cash welfare payments under a Federal, State, or local welfare program; (B) has, or is a member of a family which has, received a total family income for the six-month period prior to application for the program involved (exclusive of unemployment compensation, child support payments, and welfare payments) which, in relation to family size, was not in excess of the higher of (i) the **[**poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget**]** *the official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9902(2)),* or (ii) 70 percent of the lower living standard income level; (C) is receiving food stamps pursuant to the Food Stamp Act of 1977; (D) qualifies as a homeless individual under *subsections (a) and (c) of* section 103 of the Steward B. McKinney Homeless Assistance Act; (E) is a foster child on behalf of whom State or local government payments are made; or (F) in cases permitted by regulations of the Secretary, is an **[**adult handicapped individual**]** *individual with a disability* whose own income meets the requirements of clause (A) or (B), but who is a member of a family whose income does not meet such requirements.

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(10) The term **[**"handicapped individual"**]** *"individual with a disability"* means any individual who has a physical or mental disability which for such individual constitutes or results in a substantial handicap to employment.

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(22) The term "State" means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, Ameri-

can Samoa, [and the Trust Territory of the Pacific Islands] *the Freely Associated States, and the Republic of Palau";*

* * * * * * *

(24) The term "supportive services" means services which are necessary to enable an individual eligible for training under this Act, but who cannot afford to pay for such services, to participate in a training program funded under this Act. Such supportive services may include transportation, health care, *drug and alcohol abuse counseling and referral, individual and family counseling,* special services, and [materials for the handicapped,] *materials for individuals with disabilities, job coaches,* child care, meals, temporary shelter, financial counseling, and other reasonable expenses required for participation in the training program and may be provided in-kind or through cash assistance.

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[(29) The term "displaced homemaker" means an individual who—

[(A) was a full-time homemaker for a substantital number of years; and

[(B) derived the substantial share of his or her support from—

[(i) a spouse and no longer receives such support due to the death, divorce, permanent disability of, or permanent separation from the spouse; or

[(ii) public assistance on account of dependents in the home and no longer receives such support.]

*(29) The term "displaced homemaker" means an individual who has been providing unpaid services to family members in the home and who-*

*(A) has been dependent—*

*(i) on public assistance and whose youngest child is within 2 years of losing eligibility under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) (relating to the aid to families with dependent children program); or*

*(ii) on the income of another family member and is no longer supported by that income; and*

*(B) is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.*

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*(31) The term "basic skills deficient" means, with respect to an individual, that the individual has English reading or computing skills at or below the 8th grade level on a generally accepted standardized test or a comparable score on a criterion-referenced test.*

*(32) The term "case management" means the provision, in the delivery of a service, of a client-centered approach designed to—*

*(A) prepare and coordinate a comprehensive employment plan, such as a service strategy, for a participant to ensure access to a necessary training and support service; and*

*(B) provide job and career counseling during program participation and after job placement.*

*(33) The term "citizenship skills" means skills and qualities, such as teamwork, problem-solving ability, self-esteem, initiative, leadership, commitment to life-long learning, and an ethic of civic responsibility, that are characteristic of productive workers and good citizens.*

*(34) The term "educational agency" means—*

*(A) a public local school authority having administrative control of elementary, middle, or secondary schools or providing adult education;*

*(B) a public or private institution that provides alternative middle or high school education;*

*(C) a public education institution or agency having administrative control of secondary or postsecondary vocational education programs;*

*(D) a postsecondary institution; or*

*(E) a postsecondary educational institution operated by or on behalf of any Indian tribe that is eligible to contract with the Secretary of the Interior for the administration of programs under the Indian Self-Determination Act (25 U.S.C. 450f et seq.) or under the Act of April 16, 1934 (48 Stat. 596; chapter 147; 25 U.S.C. 452 et seq.).*

*(35) The term "family" means two or more persons related by blood, marriage, or decree of court, who are living in a single residence, and are included in one or more of the following categories:*

*(A) A husband, wife, and dependent children.*

*(B) A parent or guardian and dependent children.*

*(C) A husband and wife.*

*(36) The term "hard-to-serve individual" means an individual who is included in one or more of the categories described in section 203(a)(2) or subsection (b) or (d) of section 263.*

*(37) The term "JOBS" means the Job Opportunities and Basic Skills Training Program authorized under part F of title IV of the Social Security Act (42 U.S.C. 681 et seq.).*

*(38)(A) The term "participant" means an individual who has been determined to be eligible to participate in and who is receiving services (except post-termination services authorized under sections 204(c)(4) and 264(d)(5) and followup services authorized under section 253(d)) under a program authorized by this Act.*

*(B) For purposes of determining whether an individual is a participant, participation shall be deemed to commence on the first day, following determination of eligibility, on which the participant begins receiving subsidized employment, training, or services funded under this Act.*

*(39) The term "school dropout" means an individual who is no longer attending any school and who has not received a secondary school diploma or a certificate from a program of equivalency for such a diploma.*

*(40) The term "termination" means the separation of a participant who is no longer receiving services (except post-termination services authorized under sections 204(c)(4) and 264(d)(5)*

*and followup services authorized under section 253(d)) under a program authorized and funded by this Act.*

*(41) The term "youth corps program" means a program, such as a conservation corps or youth service program, that offers productive work with visible community benefits in a natural resource or human service setting and that gives participants a mix of work experience, basic and life skills, education, training, and support services.*

ESTABLISHMENT OF PRIVATE INDUSTRY COUNCIL

SEC. 102. (a) There shall be a private industry council for every service delivery area established under section 101, to be selected in accordance with this subsection. Each council shall consist of—

(1) representatives of the private sector, who shall constitute a majority of the membership of the council and who shall be owners of business concerns, chief executives or chief operating officers of nongovernmental employers, or other private sector executives who have substantial management or policy responsibility; **[**and**]**

**[**(2) representatives of educational agencies (representative of all educational agencies in the service delivery area), organized labor, rehabilitation agencies, community-based organizations, economic development agencies, and the public employment service.**]**

*(2) representatives of organized labor and community-based organizations, who shall constitute not less than 15 percent of the membership of the council; and*

*(3) representatives of—*

*(A) educational agencies (which agencies shall be representative of all educational agencies in the service delivery area);*

*(B) vocational rehabilitation agencies;*

*(C) public assistance agencies;*

*(D) economic development agencies;*

*(E) the public employment service; and*

*(F) local welfare agencies."*

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(c)(1)(A) * * *

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**[**(2) Education representatives on the council shall be selected from among individuals nominated by local educational agencies, vocational education institutions, institutions of higher education, or general organizations of such agencies or institutions, and by private and proprietary schools or general organizations of such schools, within the service delivery area.

**[**(3) The remaining members of the council shall be selected from individuals recommended by interested organizations. Labor representatives shall be recommended by recognized State and local labor organizations or appropriate building trades councils.**]**

*(2) Education representatives on the council shall be selected from among individuals nominated by regional or local educational agencies, vocational education institutions, institutions of higher*

*education (including entities offering adult education) or general organizations of such schools and institutions, within the service delivery area.*

*(3) The labor representatives on the council shall be selected from individuals recommended by recognized State and local labor organizations. If the State or local labor organization cannot adequately meet the labor representation on the private industry council, individual workers may be included on the council to complete the labor representation.*

*(4) The remaining members of the council shall include additional representatives from all sectors described in subsection (a)(3) and individuals recommended by interested organizations.*

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### JOB TRAINING PLAN

SEC. 104. (a) No funds appropriated *under title II* for any fiscal year may be provided to any service delivery area under this Act except pursuant to a job training plan for two program years which is prepared in accordance with section 103 and which meets the requirements of this section.

[(b) Each job training plan shall contain—

[(1) identification of the entity or entities which will administer the program and be the grant recipient of funds from the State;

[(2) a description of the services to be provided, including the estimated duration of service and the estimated training cost per participant;

[(3) procedures for identifying and selecting participants and for eligibility determination and verification;

[(4) performance goals established in accordance with standards prescribed under section 106;]

*(b) Each job training plan for the programs conducted under title II shall contain—*

*(1) information identifying the entity that will administer the program and be the grant recipient of funds from the State;*

*(2) if there is more than one service delivery area in a single labor market area, provisions for coordinating particular aspects of the service delivery area program with other programs and service providers in the labor market area, including—*

*(A) assessments of needs and problems in the labor market that form the basis for program planning;*

*(B) provisions for ensuring access by program participants in each service delivery area to skills training and employment opportunities throughout the entire labor market; and*

*(C) coordinated or joint implementation of job development, placement, and other employer outreach activities;*

*(3) a description of methods of complying with the coordination criteria contained in the Governor's coordination and special services plan;*

*(4) a description of linkages, established in accordance with sections 205 and 265, designed to enhance the provision of services and avoid duplication, including—*

*(A) agreements with educational agencies;*

*(B) arrangements with other education, training, and employment programs serving the disadvantaged that are authorized by Federal law;*

*(C) if appropriate, joint programs in which activities supported with assistance under this Act are coordinated with activities (such as service opportunities and youth corps programs) supported with assistance made available under the National and Community Service Act of 1990 (42 U.S.C. 12401 et seq.); and*

*(D) efforts to ensure the effective delivery of services to participants in coordination with local welfare agencies, other local agencies, community-based organizations, volunteer groups, business and labor organizations, and other training, education, employment, and social service programs;*

*(5) goals and objectives for the programs, including—*

*(A) a description of the manner in which the program will contribute to the economic self-sufficiency of participants, and the productivity of the local area and the Nation; and*

*(B) performance goals established in accordance with standards prescribed under section 106;*

*(6) goals for the training and placement of targeted populations, and a description of efforts to be undertaken to accomplish such goals, including—*

*(A) efforts to expand outreach to targeted populations who may be eligible for services under this Act;*

*(B) efforts to expand awareness of training and placement opportunities for targeted populations; and*

*(C) types of services to be provided to address the special needs of targeted populations;*

*(7)(A) goals for—*

*(i) the training of women in nontraditional employment; and*

*(ii) the training-related placement of women in nontraditional employment and apprenticeships; and*

*(B) a description of efforts to be undertaken to accomplish the goals described in subparagraph (A), including efforts to increase awareness of such training and placement opportunities;";*

*(8) adult and youth budgets for two program years and any proposed expenditures for the succeeding 2 program years, in such detail as is determined necessary, by the entity selected to administer the portion of the plan corresponding to the budgets in accordance with section 103(b)(1)(B), and to meet the requirements of section 108;*

*(9) procedures for identifying and selecting participants, procedures for determining eligibility, and methods used to verify eligibility;*

*(10) a description of—*

*(A) the assessment process that will identify the skill level and service needs of each participant;*

*(B) the competency levels to be achieved by participants as a result of program participation;*

*(C) the services to be provided, including the estimated duration of service and the estimated training cost per participant; and*

*(D) the procedures for evaluating the progress of participants in achieving competencies;*

*(11) a description of the procedures and methods used in carrying out title V, relating to incentive bonus payments for the placement of individuals eligible under such title;*

*(12) procedures, consistent with section 107, for selecting service providers, which procedures shall take into account—*

*(A) past performance of the providers regarding—*

*(i) job training, basic skills training, or related activities;*

*(ii) fiscal year accountability; and*

*(iii) ability to meet performance standards; and*

*(B) the ability of the providers to provide services that can lead to achievement of competency standards for participants with identified deficiencies;*

*(13) fiscal control (including procurement, monitoring, and management information systems requirements), accounting, audit, and debt collection procedures, consistent with section 164, to assure the proper disbursal of, and accounting for, funds received under title II; and*

*(14) procedures for the preparation and submission of an annual report to the Governor, which report shall include—*

*(A) a description of activities conducted during the program year;*

*(B) characteristics of participants;*

*(C) information on the extent to which applicable performance standards have been met;*

*(D) information on the extent to which the service delivery area has met the goals of the area for the training and training-related placement of women in nontraditional employment and apprenticeships; and*

*(E) a statistical breakdown of women trained and placed in nontraditional occupations, including information regarding—*

*(i) the type of training received, by occupation;*

*(ii) whether the participant was placed in a job or apprenticeship, and, if so, the occupation and wage at placement;*

*(iii) the age of the participant;*

*(iv) the race of the participant; and*

*(v) retention of the participant in nontraditional employment.*

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### REVIEW AND APPROVAL OF PLAN

SEC. 105. (a)(1) * * *

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(B) such plan shall be made available for review and comment to—

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(ii) appropriate *community-based organizations and* local educational and other public agencies in the service delivery area; and

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### [PERFORMANCE STANDARDS

[SEC. 106. (a) The Congress recognizes that job training is an investment in human capital and not an expense. In order to determine whether that investment has been productive, the Congress finds that—

[(1) it is essential that criteria for measuring the return on this investment be developed; and

[(2) the basic return on the investment is to be measured by the increased employment and earnings of participants and the reductions in welfare dependency.

[(b)(1) The basic measure of performance for adult training programs under title II is the increase in employment and earnings and the reductions in welfare dependency resulting from participation in the program. In order to determine whether these basic measures are achieved, the Secretary shall prescribe standards on the basis of appropriate factors which may include (A) placement in unsubsidized employment, (B) retention in unsubsidized employment, (C) the increase in earnings, including hourly wages, and (D) reduction in the number of individuals and families receiving cash welfare payments and the amounts of such payments.

[(2) In prescribing standards under this section, the Secretary shall also designate factors for evaluating the performance of youth programs which, in addition to appropriate utilization of the factors described in paragraph (1), shall be (A) attainment of recognized employment competencies recognized by the private industry council, (B) elementary, secondary, and postsecondary school completion, or the equivalent thereof, and (C) enrollment in other training programs or apprenticeships, or enlistment in the Armed Forces.

[(3) The standards shall include provisions governing—

[(A) the base period prior to program participation that will be used;

[(B) a representative period after termination from the program that is a reasonable indicator of postprogram earnings and cash welfare payment reductions; and

[(C) cost-effective methods for obtaining such data as is necessary to carry out this section, which, notwithstanding any other provision of law, may include access to earnings records, State employment security records, Federal Insurance Contributions Act records, State aid to families with dependent children records, statistical sampling techniques, and similar records or measures.

[(4) The Secretary shall prescribe performance standards relating gross program expenditures to various performance measures.

[(5) The Secretary shall prescribe performance standards under this section for programs authorized by title V, relating to the placement of individuals eligible under such title, in accordance with the criteria specified in section 511(c).

[(c) Within six months after the date of the enactment of this Act, the Secretary shall establish initial performance standards which are designed to contribute to the achievement of the performance golas set forth in subsection (b)(1), based upon data accumulated under the Comprehensive Employment and Training Act, from the National Commission for Employment Policy, and from other appropriate sources. In the development of the initial standards under this subsection, the Secretary shall relate gross program expenditures to the accomplishment of program goals set forth in subsection (b)(1).

[(d)(1) The Secretary shall, not later than January 31, 1984, prescribe performance standards for the first program year under this Act to measure the results of the participation in the program to achieve the goals set forth in subsection (b)(1) based upon the initial standards established in subsection (c).

[(2) The Secretary, not later than six months after the completion of the first two program years, shall prepare and submit a report to the Congress containing the performance standards established under paragraph (1) of this subsection, together with an analysis of the manner in which the performance standards contribute to the achievement of the goals set forth in subsection (b)(1), including the relative importance of each standard to the accomplishment of such goals.

[(3) The Secretary shall prescribe variations in performance standards for special populations to be served, including Native Americans, migrant and seasonal farmworkers, disabled and Vietnam era veterans, including veterans who served in the Indochina Theater between August 5, 1964, and May 7, 1975, and offenders, taking into account their special circumstances.

[(4)(A) The Secretary may modify the performance standards under this subsection not more often than once every two program years and such modifications shall not be retroactive.

[(B) The Secretary shall prepare and submit a report to the Congress containing any modifications established under subparagraph (A), and the reasons for such modifications.

[(e)(1) Each Governor may prescribe, within parameters established by the Secretary, variations in the standards under this subsection and subsection (g) based upon specific economic, geographic, and demographic factors in the State and in substate areas and in service delivery areas within the State, the characteristics of the population to be served, and the type of services to be provided.

[(2) The Secretary shall—

[(A) provide improved information and technical assistance on performance standards adjustments;

[(B) collect data that better specifies hard-to-serve individuals and long-term welfare dependency; and

[(C) provide guidance on setting performance goals at the service provider level that encourages increased service to the hard-to-serve, particularly long-term welfare recipients, including title IV of the Social Security Act, relating to aid to families with dependent children, and title XVI of such Act, relating to supplemental security income.

The Secretary shall also reexamine performance standards to ensure that such standards provide maximum flexibility in serving the hard-to-serve, particularly long-term welfare recipients, including title IV of the Social Security Act, relating to aid to families with dependent children, and title XVI of such Act, relating to supplemental security income.

**[**(f) The National Commission for Employment Policy shall (1) advise the Secretary in the development of performance standards under this section for measuring results of participation in job training and in the development of parameters for variations of such standards referred to in subsection (e), (2) evaluate the usefulness of such standards as measures of desired performance, and (3) evaluate the impacts of such standards (intended or otherwise) on the choice of who is served, what services are provided, and the cost of such services in service delivery areas.

**[**(g)(1) The Secretary shall prescribe performance standards for programs under title III based on placement and retention in unsubsidized employment.

**[**(2) Any performance standard that may be prescribed under paragraph (1) of this subsection shall make appropriate allowance for the difference in cost resulting from serving workers receiving needs-related payments under section 314(e).

**[**(h)(1) The Governor shall provide technical assistance to programs which do not not meet performance criteria. If the failure to meet performance standards persists for a second year, the Governor shall impose a reorganization plan. Such plan may restructure the private industry council, prohibit the use of designated service providers or make such other changes as the Governor deems necessary to improve performance. The Governor may also select in alternate entity to administer the program for the service delivery area.

**[**(2) The alternate administrative entity may be a newly formed private industry council or any agency jointly selected by the Governor and the chief elected official of the largest unit of general local government in the service delivery area.

**[**(3) No change may be made under this subsection without an opportunity for a hearing before a hearing officer.

**[**(4) The decision of the Governor may be appealed to the Secretary, who shall make a final decision within 60 days of the receipt of the appeal.**]**

### *PERFORMANCE STANDARDS*

*SEC. 106. (a) CONGRESSIONAL FINDINGS.—Congress finds that—*

*(1) job training is an investment in human capital and not an expense; and*

*(2) in order to determine whether that investment has been productive——*

*(A) it is essential that criteria for measuring the return on the investment be developed; and*

*(B) the criteria should include basic measures of long-term economic self-sufficiency, including measures of in-*

*creased educational attainment and occupational skills, increased employment and earnings, and reduced welfare dependency.*

*(b) PERFORMANCE STANDARDS.—*

*(1) ACHIEVEMENT OF BASIC MEASURES.—In order to determine whether the basic measures described in subsection (a)(2)(B) have been achieved by programs under parts A and C of title II, the Secretary, in consultation with the Secretary of Education and the Secretary of Health and Human Services, shall prescribe performance standards for the programs.*

*(2) GENERAL OBJECTIVE.—In prescribing performance standards for programs under parts A and C of title II, the Secretary shall ensure that States and service delivery areas will make efforts to increase services and positive outcomes for hard-to-serve individuals.*

*(3) FACTORS FOR ADULT STANDARDS.—The Secretary shall base the performance standards for adult programs under part A of title II on appropriate factors, which may include—*

*(A) placement in unsubsidized employment;*

*(B) retention for more than 6 months in unsubsidized employment;*

*(C) increase in earnings, including hourly wages;*

*(D) reduction in welfare dependency; and*

*(E)(i) acquisition of skills, including basic skills, required to promote continued employability in the local labor market (including attainment of the competency levels described in paragraph (5)), or acquisition of a high school diploma or the equivalent of the diploma; and*

*(ii) one or more of the factors described in subparagraphs (A) through (D).*

*(4) FACTORS FOR YOUTH STANDARDS.—*

*(A) IN GENERAL.—The Secretary shall base the performance standards for youth programs under part C of title II on appropriate factors described in paragraph (3), and on factors including—*

*(i) attainment of employment competencies (including attainment of the competency levels described in paragraph (5));*

*(ii) dropout prevention and recovery;*

*(iii) secondary and postsecondary school completion or the equivalent of such completion; and*

*(iv) enrollment in other training programs, apprenticeships, or postsecondary education, or enlistment in the Armed Forces.*

*(B) VARIATIONS.—The Secretary may prescribe variations in the standards described in subparagraph (A) to reflect the differences between in-school and out-of-school programs.*

*(5) COMPETENCY LEVELS.—The private industry councils, in consultation with educational agencies, community-based organizations, and the private sector, shall establish youth and adult competency levels, based on such factors as attainment of entry skill levels and other hiring requirements.*

*(6) REQUIREMENTS.—The performance standards described in paragraphs (3) and (4) shall include provisions governing—*

*(A) the base period prior to program participation that will be used for measurement of the factors described in paragraphs (3) and (4), as appropriate;*

*(B) a representative period after termination from the program that is a reasonable indicator of postprogram earnings and cash welfare payment reductions; and*

*(C) cost-effective methods for obtaining such data as is necessary to carry out this subsection, which methods—*

*(i) notwithstanding any other provision of law, may include access to—*

*(I) earnings records;*

*(II) State employment security records;*

*(III) records collected under the Federal Insurance Contributions Act, chapter 21 of the Internal Revenue Code of 1986;*

*(IV) records regarding State aid to families with dependent children;*

*(V) statistical sampling techniques; and*

*(VI) records or techniques similar to the records and techniques described in subclauses (I) through (V); and*

*(ii) shall include appropriate safeguards to protect the confidentiality of the data obtained.*

*(7) GROSS PROGRAM EXPENDITURES.—The Secretary shall prescribe performance standards for programs under parts A and C of title II relating gross program expenditures to various performance measures. The Governors shall not take performance standards prescribed under this paragraph into consideration in awarding grants under paragraph (8).*

*(8) INCENTIVE GRANTS.—From funds available under section 202(c)(2)(C), and under section 262(c) for providing incentive grants under this paragraph, each Governor shall award incentive grants to service delivery areas conducting programs under parts A and C of title II that—*

*(A) exceed the performance standards established by the Secretary under this subsection (except for the standards established under paragraph (7)) with respect to services to all participants;*

*(B) exceed the performance standards established by the Secretary under this subsection (except for the standards established under paragraph (7)) with respect to services to hard-to-serve populations;*

*(C) serve more than the minimum percentage of out-of-school youth required by section 263(f);*

*(D) place participants in employment that provides post-program earnings that exceed the appropriate performance criteria; and*

*(E) exceed the performance standards established by the Governor under subsection (e) for programs under title II, except that not more than 25 percent of the incentive grants shall be awarded on performance standards established under subsection (e).*

*(c) EMPLOYMENT AND TRAINING ASSISTANCE FOR DISLOCATED WORKERS.—*

*(1) PERFORMANCE STANDARDS.—The Secretary shall prescribe performance standards for programs under title III based on participant placement and retention in unsubsidized employment.*

*(2) NEEDS-RELATED PAYMENTS.—In prescribing performance standards under paragraph (1), the Secretary shall make appropriate allowance for the difference in cost resulting from serving workers receiving needs-related payments under section 314(e).*

*(d) VARIATIONS.—*

*(1) AUTHORITY OF GOVERNORS.—Each Governor of a State participating in a program governed by standards issued under subsection (b) or (c) shall prescribe, within parameters established by the Secretary, variations in the standards for the State, based on—*

*(A) specific economic, geographic, and demographic factors in the State and in service delivery areas and substate areas within the State;*

*(B) the characteristics of the population to be served;*

*(C) the demonstrated difficulties in serving the population; and*

*(D) the type of services to be provided.*

*(2) SECRETARY'S RESPONSIBILITIES.—The Secretary shall—*

*(A) provide information and technical assistance on performance standards adjustments;*

*(B) collect data that identifies hard-to-serve individuals and long-term welfare dependency;*

*(C) provide guidance on seting performance goals at the service provider level that encourage increased service provider level that encourage increased service to hard-to-serve individuals, particularaly long-term welfare recipients; and*

*(D) review performance standards to ensure that such standards provide maximum incentive in serving hard-to-serve individuals, particularly long-term welfare recipients, including individuals receiving benefits under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) (relating to the aid to families with dependent children program) and individuals receiving benefits under title XVI of such Act (42 U.S.C. 1381 et seq.) (relating to the supplemental security income programs).*

*(e) ADDITIONAL PERFORMANCE STANDARDS BY GOVERNORS.—*

*(1) IN GENERAL.—A Governor of a State participating in a program under title II or III may prescribe performance standards for the program in addition to standards established by the Secretary under subsections (b) and (c).*

*(2) CRITERIA.—Such Additional standards may include criteria requiring establishment of effective linkages with other programs to avoid duplication and enhance the delivery of services, the provision of high quality services, and successful service to target groups.*

*(3) REPORT.—The additional performance standards established for title II shall be reported in the Governor's coordination and special services plan.*

*(f) NATIVE AMERICAN AND JOB CORPS PROGRAMS.—The Secretary shall prescribe performance standards for programs under parts A and B of title IV, and for programs under title V.*

*(g) SYSTEM FOR ADJUSTMENTS.—The Secretary shall prescribe a system for adjustments in performance standards for special populations to be served, including Native Americans, migrant and seasonal farmworkers, disabled and Vietnam era veterans, including veterans who served in the Indochina theater between August 5, 1964, and May 7, 1975, offenders, and displaced homemakers, taking into account their special circumstances.*

*(h) MODIFICATIONS.—*

*(1) IN GENERAL.—The Secretary may modify the performance standards under this section not more often than once every 2 program years and such modifications shall not be retroactive.*

*(2) JOB CORPS.—Notwithstanding paragraph (1), the Secretary may modify standards relating to programs under part B of title IV each program year.*

*(i) NATIONAL COMMISSION ON EMPLOYMENT POLICY.—The National Commission on Employment Policy shall—*

*(1) advise the Secretary in the development of performance standards under this section for measuring results of participation in job training and in the development of parameters for variations of such standards referred to in subsection (d);*

*(2) evaluate the usefulness of such standards as measures of desired performance; and*

*(3) evaluate the impacts of such standards (intended or otherwise) on the choice of who is served, what services are provided, and the costs of such services in service delivery area.*

*(j) FAILURE TO MEET STANDARDS.—*

*(1) UNIFORM CRITERIA.—The Secretary shall establish uniform criteria for determining whether—*

*(A) a service delivery area fails to meet performance standards under this section; and*

*(B) the circumstances under which remedial action authorized under this subsection shall be taken.*

*(2) TECHNICAL ASSISTANCE.—Each Governor shall provide technical assistance to service delivery areas failing to meet performance standards under the uniform criteria established under paragraph (1)(A).*

*(3) PROCESS FOR CORRECTION.—Not later than 90 days after the end of each program year, each Governor shall report to the Secretary the final performance standards and performance for each service delivery area within the State, along with the plans of the Governor for providing the technical assistance required under paragraph (2).*

*(4) REORGANIZATION PLAN.—*

*(A) PLAN REQUIRED FOR CONTINUED FAILURE.—If a service delivery area continues to fail to meet such performance standards for 2 program years, the Governor shall notify the Secretary and the service delivery area of the continued*

*failure, and shall develop and impose a reorganization plan.*

*(B) Elements.—Such plan may restructure the private industry council, prohibit the use of designated service providers, merge the service delivery area into one or more other existing service delivery areas, or make other changes as the Governor determines to be necessary to improve performance, including the selection of an alternative administrative entity to administer the program for the service delivery area.*

*(C) Alternative administrative entity selection.—The alternative administrative entity described in subparagraph (B) may be a newly formed private industry council or any agency jointly selected by the Governor and the chief elected official of the largest unit of general local government in the service delivery area or substate area.*

*(5) Secretarial action.—*

*(A) Plan.—If the Governor has not imposed a reorganization plan as required by paragraph (4)(A)(i) within 90 days of the end of the second program year in which a service delivery area has failed to meet its performance standards, the Secretary shall develop and impose such a plan, including the selection of an alternative administrative entity to administer the program for the service delivery areas.*

*(B) Recapture or withholding.—The Secretary shall recapture or withold an amount not to exceed one-fifth of the State administration set-aside allocated under section 202(c)(2)(A) and under section 262(c) for the activities described in section 202(c)(2)(A), for the purposes of providing technical assistance under a reorganization plan as described in paragraph (4).*

*(6) Appeal by service delivery area.—*

*(A) Timing.—A service delivery area that is the subject of a reorganization plan under paragraph (4) may, within 30 days after receiving notice thereof, appeal to the Secretary to rescind or revise such plan.*

*(B) Recapture or withholding.—*

*(i) Determination.—If the Secretary determines, upon appeal under subparagraph (A), that the Governor has not provided appropriate technical assistance as required under paragraph (2), the Secretary shall recapture or withhold an amount not to exceed one-fifth of the State administration set-aside allocated under section 202(c)(2)(A) and under section 262(c) for activities described in section 202(c)(2)(A). The Secretary shall use funds recaptured or withheld under this subparagraph to provide appropriate technical assistance.*

*(ii) Basis.—If the Secretary approved the technical assistance plan provided by the Governor under paragraph (2), a determination under this subparagraph shall only be based on failure to effectively implement such plan and shall not be based on the plan itself.*

*(7) Appeal by governor.—A Governor of a State that is subject to recapture or withholding under paragraph (5) or (6)(B)*

*may, within 30 days of receiving notice thereof, appeal such withholding to the Secretary.*

*(k)* C*LARIFICATION OR* R*EFERENCE.—For the purposes of this section, the term "employment" means employment for 20 or more hours per week.*

* * * * * * *

### SELECTION OF SERVICE PROVIDERS

SEC. 107. (a) The primary consideration in selecting agencies or organizations to deliver services within a service delivery area shall be the effectiveness of the agency or organization in delivering comparable or related services based on demonstrated performance, in terms of the likelihood of meeting performance goals, cost, quality of training, and characteristics of participants. In complying with this subsection, proper consideration shall be given to community-based organizations as service providers. *In addition, consideration shall be given to provision of appropriate supportive services, including child care.*

* * * * * * *

*(e) The selection of service providers shall be made on a competitive basis, to the extent practicable, and shall include—*

*(1) a determination of the ability of the service provider to meet program design specifications established by the administrative entity that take into account the purpose of the Act and the goals established by the Governor in the Coordination and Special Services Plan;*

*(2) documentation of compliance with procurement standards established by the Governor under section 164, including the reasons for selection.*

* * * * * * *

### LIMITATION ON CERTAIN COSTS

SEC. 108. **[**(a) Not more than 15 percent of the funds available to a service delivery area for any fiscal year for programs under part A of title II may be expended for the cost of administration. For purposes of this paragraph, costs of program support (such as counseling) which are directly related to the provision of education or training and such additional costs as may be attributable to the development of training described in section 204(28) shall not be counted as part of the cost of administration.**]** *(a) Except as provided in subparagraphs (A) and (B) of section 141(d)(3), funds expended under this Act shall be charged to the appropriate cost categories.*

**[**(b)(1) Not more than 30 percent of the funds available to a service delivery area for any fiscal year for programs under part A of title II may be expended for administrative costs (as defined under subsection (a)) and costs specified in paragraph (2).

**[**(2)(A) For purposes of paragraph (1), the costs specified in this paragraph are—

**[**(i) 50 percent of any work experience expenditures which meet the requirements of paragraph (3);

[(ii) 100 percent of the cost of any work experience program expenditures which do not meet the requirements of paragraph (3);

[(iii) supportive services; and

[(iv) needs-based payments described in section 204(27).

[(B) For purposes of paragraph (a), the costs specified in this paragraph do not include expenditures for tryout employment which meets the requirements of section 205(d)(3)(B).

[(3) For purposes of paragraph (2), a work experience expenditure meets the requirements of this paragraph if—

[(A) the work experience is of not more than 6 months' duration and is combined with a classroom or other training program;

[(B) an individual participant is prohibited from participating in any other work experience program following participation in a program meeting the requirements of this paragraph;

[(C) the classroom or other training program component is specified in a premployment contract or meets established academic standards; and

[(D) wages paid in the work experience program do not exceed the prevailing entry-level wage for the same occupation in the same labor market area.]

*(b)(1) The cost limitations contained in this subsection shall apply separately to the funds allocated for programs under part A of title II, and to the funds allocated for programs under part C of such title.*

*(2) Funds expended under parts A and C of title II shall be charged to one of the following categories:*

*(A) Administration.*

*(B) Training-related and supportive services.*

*(C) Direct training services.*

*(3) The Secretary shall, in accordance with sections 204(b) and 264(c), define by regulation the cost categories specified in paragraph (2).*

*(4) Of the funds allocated to a service delivery area for any program year under part A or C of title II—*

*(A) not more than 20 percent shall be expended for the costs of administration; and*

*(B) not less than 50 percent shall be expended for direct training services.*

*(5) Each service delivery area shall ensure that all contracts, grants, or other agreements with a service provider, for services provided to participants, shall include appropriate amounts necessary for administrative costs and supportive services.*

[(c)(1) Notwithstanding subsection (b), expenditures may be made in excess of the limitation contained in such subsection if such expenditures are made in accordance with the requirements of this subsection.

[(2) Expenditures may be made in excess of the limitation contained in subsection (b) in any service delivery area if—

[(A) the private industry council for such area initiates a request for such excess costs; and

[(B) excess costs are due to one or more of the following conditions in such area:

**[**(i) an unemployment rate (in the service delivery area or that portion within which services resulting in excess costs are to be provided) which exceeds the national average unemployment rate by at least 3 percentage points, and the ratio of current private employment to population in such area or portion is less than the national average of such ratio;

**[**(ii) the job training plan for such area proposes to serve a disproportionately high number of participants from groups requiring exceptional supportive service costs, such as handicapped individuals, including disabled veterans, offenders, and single heads of households with dependent children;

**[**(iii) the cost of providing necessary child care exceeds one-half of the costs specified in paragraph (2) of subsection (b);

**[**(iv) the costs of providing necessary transportation exceeds one-third of the costs specified in paragraph (2) of subsection (b); or

**[**(v) a substantial portion of the participants in programs in the service delivery area are in training programs of 9 months' duration or more.

**[**(3) Expenditures may be made in excess of the limitation contained in subsection (b) if the need for and the amount of the excess is stated in the job training plan (or modification thereof) for the service delivery area and such plan demonstrates that administrative costs comply with subsection (a) of this section.

**[**(4) The provisions of this subsection shall not be available to the extent that supportive services provided under the job training plan duplicate services provided by any other public or private source that are available to participants without cost.

**[**(5) The Governor shall not disapprove any plan (or modification thereof) on the basis of any statement of the need for and amount of excess costs in the job training plan if such plan or modification meets the requirements of this subsection.**]**

*(c) Funds available under title III shall be expended in accordance with the limitations specified in section 315.*

* * * * * * *

*SERVICE DELIVERY AREA TRANSFER AND AGREEMENT*

*SEC. 109. (a) IN GENERAL.—Any service delivery area may enter into an agreement with another service delivery area to share the cost of educating, training, and placing individuals participating in programs assisted under this Act, including the provision of supportive services. Such agreement shall be approved by an individual representing each private industry council providing guidance to the service delivery area.*

*(b) APPLICATION OF APPROPRIATE PERFORMANCE STANDARDS.—Each service delivery area entering into a service delivery area agreement under this section shall be credited under the appropriate performance standards.*

### *REALLOCATION AND REALLOTMENT OF UNOBLIGATED FUNDS UNDER TITLE II*

*SEC. 110. (a) WITHIN STATE REALLOCATIONS.—*

*(1) IN GENERAL.—For each program year beginning on or after July 1, 1993, the Governor shall, in accordance with the requirements of this subsection, reallocate to eligible service delivery areas within the State funds appropriated for such program year that are available for reallocation.*

*(2) AMOUNT.—The amount available for reallocation is equal to the amount by which the unobligated balance of the service delivery area allocation under parts A or C of title II at the end of the program year prior to the program year for which the reallocation is made exceeds 15 percent of such allocation for the prior program year.*

*(3) REALLOCATION.— The Governor shall reallocate the amounts available under paragraph (2), to eligible service delivery areas within the State that have the highest rates of unemployment for an extended period of time and to the service delivery areas with the highest poverty rates.*

*(4) ELIGIBILITY.—For purposes of this subsection, an eligible service delivery area means a service delivery area that has obligated at least 85 percent of the allocation of the area under part A or C of title II for the program year prior to the program year for which the reallocation is made.*

*(b) REALLOTMENT AMONG STATES.—*

*(1) IN GENERAL.—For each program year beginning on or after July 1, 1993, the Secretary may, in accordance with the requirements of this subsection, reallot to eligible States funds appropriated for such program year that are available for reallotment.*

*(2) AMOUNT.—The amount available for reallotment among States under this subsection shall be equal to the amount by which the unobligated balance of the State allotment under part A or C of title II at the end of the program year prior to the program year for which the reallotment is made exceeds 15 percent of such allotment for the prior program year.*

*(3) REALLOTMENT.—From the amount available under paragraph (2), the Secretary shall reallot to each eligible State an amount based on the relative amount allotted to such eligible State under part A or C of title II for the program year the determination under this subsection is made compared to the total amount allotted to all eligible States under part A or C of title II for such program year.*

*(4) ELIGIBILITY.—For purposes of this subsection, an eligible State means a State which has obligated at least 85 percent of its allocation under part A or C of title II for the program year prior to the program year for which the reallotment is made.*

*(5) PROCEDURES.—The Governor of each State shall prescribe uniform procedures for the obligation of funds by service delivery areas within the State in order to avoid the requirement that funds be made available for reallotment under this subsection. The Governor shall further prescribe equitable procedures for making funds available from the State and service delivery*

*areas in the event that a State is required to make funds available for reallotment under this subsection.*

* * * * * * *

## PART B—ADDITIONAL STATE RESPONSIBILITIES

### GOVERNOR'S COORDINATION AND SPECIAL SERVICES PLAN

SEC. 121. (a)(1) * * *

* * * * * * *

(b)(1) The plan shall establish criteria for coordinating activities under this Act (including title III) with programs and services provided by State and local education and training agencies (including vocational education agencies), public assistance agencies, the employment service, rehabilitation agencies, postsecondary institution, economic development agencies, programs for the homeless and such other agencies as the Governor determines to have a direct interest in employment and training and human resource utilization within the State. **[**Such criteria**]** *The plan shall also include criteria for coordinating activities under this Act with programs and services provided by State and local agencies on aging, and programs operated under title V of the Older Americans Act of 1965 (42 U.S.C. 3056 et seq.). In addition, the plan shall establish criteria for coordinating activities under this Act with programs under the National and Community Service Act of 1990 (42 U.S.C. 12401 et seq.). The criteria described in each of the three preceding sentences* shall not affect local discretion concerning the selection of eligible participants or service providers in accordance with the provisions of sections 107 and 203.

**[**(2) The plan shall describe the projected use of resources, including oversight and support activities, priorities and criteria for State incentive grants, and performance goals for State supported programs.**]**

*(2) The plan shall describe the measures taken by the State to ensure coordination and avoid duplication of programs between the State agencies administering the JOBS program and programs under title II in the planning and delivery of services. The plan shall describe the procedures developed by the State to ensure that the State JOBS plan is consistent with the coordination criteria specified in the plan and shall identify the procedures developed to provide for the review of the JOBS plan by the State job training coordinating council.*

*(3) The plan shall describe the projected use of resources, including oversight of program performance, program administration, program financial management, capacity building, priorities and criteria for State incentive grants, and performance goals for State-supported programs. The description of capacity building shall include the Governor's plans for research and demonstration projects, technical assistance for service delivery areas and service providers, interstate technical assistance and training arrangements, and other coordinated technical assistance arrangement for service delivery areas and service providers pursuant to the direction of the Secretary.*

**[**(3)**]** *(4)* The State plan shall include a description of the manner in which the State will encourage the successful carrying out of—

(A) training activities for eligible individuals whose placement is the basis for the payment to the State of the incentive bonus authorized by title V; **[**and**]**

(B) the training services, outreach activities, and preemployment supportive services furnished to such individuals**[**.**]***; and*

*(C) services to older workers, including plans for facilitating the provision of services across service delivery areas within the State, as provided in section 104(b)(2).*

**[**(4)**]** *(5)* The Governor shall report to the Secretary the adjustments made in the performance standards and the factors that are used in making the adjustments.

**[**(5)**]** *(6)* If major changes occur in labor market conditions, funding, or other factors during the two-year period covered by the plan, the State shall submit a modification to the Secretary describing these changes.

(c) Governor's coordination and special services activities may include—

(1) * * *

* * * * * * *

(7) *coordination of activities relating to part A of title II with* activities under title III of this Act;

* * * * * * *

(10) providing preservice and inservice training for planning, management, and delivery staffs of administrative entities and private industry councils, as well as contractors for State supported programs; **[**and**]**

(11) providing statewide programs which provide for joint funding of activities under this Act with services and activities under other Federal, State, or local employment-related programs, including programs of the Department of Veterans' Affairs**[**.**]***;*

*(12) initiatives undertaken under the State innovation and coordination program described in section 123; and*

*(13) making available to service delivery areas appropriate information and technical assistance to assist in developing and implement joint programs, including youth corps programs, in which activities supported under this Act are coordinated with activities supported under the National and Community Service Act of 1990 (42 U.S.C. 12401 et seq.).*

* * * * * * *

## STATE JOB TRAINING COORDINATING COUNCIL

SEC. 122. (a)(1) Any State which desires to receive financial assistance under this Act shall establish a State job training coordinating council (hereinafter in this section referred to as the "State council"). Funding for the council shall be provided pursuant to **[**section 202(b)(4)**]** *sections 202(c)(2)(A) and 262(c).*

* * * * * * *

(B) Thirty percent of the membership of the State council shall be—

(i) representatives of the State legislature and State agencies and organizations, such as the State educational agency, the State vocational education board, the State advisory council on vocational education, the State board of education (when not otherwise represented), State public assistance agencies, the State employment security agency, the State rehabilitation agency, the State occupational information coordinating committee, State postsecondary institutions, the State economic development agency, State veterans' affairs agencies or equivalent, *the State Advisory Board established under section 178 of the National and Community Service Act of 1990,* and such other agencies as the Governor determines to have a direct interest in employment and training and human resource utilization within the State; and

* * * * * * *

(b) The State council shall—

(1) * * *

* * * * * * *

(2) recommend to the Governor substate service delivery areas, plan resource allocations not subject to [section 202(a)] *section 202(b)*, provide management guidance and review for all programs in the State, develop appropriate linkages with other programs, coordinate activities with private industry councils, and develop the Governor's coordination and special plan and recommend variations in performance standards;

* * * * * * *

### [STATE EDUCATION COORDINATION AND GRANTS

[SEC. 123. (a) The sums available for this section pursuant to section 202(b)(1) shall be used by the Governor to provide financial assistance to any State education agency responsible for education and training—

[(1) to provide services for eligible participants through cooperative agreements between such State education agency or agencies, administrative entities in service delivery areas in the State, and (where appropriate) local educational agencies;

[(2) to facilitate coordination of education and training services for eligible participants through such cooperative agreements; and

[(3) to provide—

[(A) literacy training to youth and adults;

[(B) droupout prevention and reenrollment services to youth, giving priority to youth who are at risk of becoming dropouts;

[(C) a State-wide school-to-work transition program operated in a manner consistent with section 205(e); or

[(D) any combination of the activities described in subparagraphs (A), (B), and (C) of this paragraph.

[(b) The cooperative agreements described in subsection (a) shall provide for the contribution by the State agency or agencies, and the local educational agency (if any), of a total amount equal to the amount provided, pursuant to subsection (a)(1), the grant subject to such agreement. Such matching amount shall not be provided from funds available under this Act, but may include the direct cost of employment or training services provided by State or local programs.

[(c)(1) Funds available under this section may be used to provide education and training, including vocational education services, and related services to participants under title II. Such services may include services for offenders, veterans, and other individuals whom the Governor determines require special assistance.

[(2)(A) Not more than 20 percent of the funds available under this section may be spent for activities described in clause (2) of subsection (a).

[(B) At least 80 percent of the funds available under this section shall be used for clauses (1) and (3) of subsection (a) for the Federal share of the cost of carrying out activities described in such clauses. For the purpose of this subparagraph, the Federal share shall be the amount provided for in the cooperative agreements in subsection (b).

[(3) Not less than 75 percent of the funds available for activities under clauses (1) and (3) of subsection (a) shall be expended for activities for economically disadvantaged individuals.

[(d) If no cooperative agreement is reached on the use of funds under this section, the funds shall be available to the Governor for used in accordance with section 121.

[(e)(1) Sums available for this section pursuant to section 202(b)(1) may be used to provide additional funds under an applicable program if—

[(A) such program otherwise meets the requirements of this Act and the requirements of the applicable program;

[(B) such program serves the same individuals that are served under this section;

[(C) such program provides services in a coordinated manner with services provided under this section; and

[(D) such funds would be used to supplement, and not supplant, funds provided from non-Federal sources.

[(2) For purposes of this subsection, the term "applicable program" means any program under any of the following provisions of law:

[(A) The Carl D. Perkins Vocational and Applied Technology Education Act.

[(B) The Wagner-Peyser Act.]

### *STATE EDUCATION COORDINATION AND GRANTS*

*SEC. 123. (a) ALLOTMENT.—*

*(1) IN GENERAL.—The Secretary shall allot the funds made available to carry out this section under section 202(c)(2)(D) and under section 262(c) to the Governors for allocation to State educational agencies to pay for the Federal share of carrying out the projects described in paragraph (2).*

(2) Projects.—Funds allocated under paragraph (1) may be used to pay for the Federal share of carrying out projects (in accordance with agreements under subsection (b)) that—

(A) provide school-to-work transition services of demonstrated effectiveness that increase the rate of graduation from high school, or completion of the recognized equivalent of such graduation, including services that increase the rate at which dropouts return to regular or alternative schooling and obtain a high school degree or equivalent;

(B) provide literacy and lifelong learning opportunities and services of demonstrated effectiveness that—

(i) enhance the knowledge and skills of educationally and economically disadvantaged individuals; and

(ii) result in increasing the employment and earnings of such individuals; and

(C) provide statewide coordinated approaches, including model programs, to train, place, and retain women in nontraditional employment; and

(D) facilitate coordination of education and training services for eligible participants in projects described in subparagraphs (A), (B), and (C).

(3) Federal share.— The Federal share of the cost of carrying out the projects described in paragraph (2) shall be 50 percent.

(b) Agreements Required.—

(1) Parties to agreements.—The projects described in subsection (a)(2) shall be conducted within a State in accordance with agreements between the State educational agency, administrative entities in service delivery areas in the State, and other entities such as other State agencies, local educational agencies, and alternative service providers (such as community-based and other nonprofit or for-profit organizations).

(2) Contents of agreements.—

(A) Contributions.—The agreements described in paragraph (1) shall provide for the contribution by the State, from funds other than the funds made available under this Act, of a total amount equal to the funds allotted under this section.

(B) Direct cost of services.—Such amount may include the direct cost of employment or training services—

(i) provided by State or local programs or agencies; or

(ii) provided by other Federal programs or agencies in accordance with applicable Federal law.

(c) Governor's Plan Requirements.—Any Governor receiving assistance under this section shall include in the Governor's coordination and special services plan, in accordance with section 121, a description developed in consultation with the State educational agency of—

(1) the goals to be achieved and services to be provided by the school-to-work transition programs specified in subsection (a)(2)(A) that will receive the assistance, which description shall, at a minimum, include information regarding—

*(A) the activities and services that will result in increasing the number of youth staying in or returning to school and graduating from high school or the equivalent;*

*(B) the work-based curriculum that will link classroom learning to worksite experience and address the practical and theoretical aspects of work;*

*(C) the opportunities that will be made available to participants to obtain career-path employment and postsecondary education;*

*(D) the integration to be achieved, in appropriate circumstances, in the delivery of services between State and local educational agencies and alternative service providers, such as community-based and nonprofit organizations; and*

*(E) the linkages that will be established, where feasible, to avoid duplication and enhance the delivery of services, with programs under—*

*(i) title II and part B of title IV;*

*(ii) the Elementary and Secondary Education Act (20 U.S.C. 2701 et seq.);*

*(iii) the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.);*

*(iv) the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.);*

*(v) the Adult Education Act (20 U.S.C. 1201 et seq.);*

*(vi) the JOBS program;*

*(vii) the Stewart B. McKinney Homeless Assistance Act (Public Law 100–77; 101 Stat. 482); and*

*(viii) the National and Community Service Act of 1990 (42 U.S.C. 12401 et seq.).*

*(2) the goals to be achieved and services to be provided by literacy and lifelong learning programs specified in subsection (a)(2)(B) that will receive the assistance, which description shall, at a minimum, include information regarding—*

*(A) the activities and services that will increase the knowledge and skills of educationally and economically disadvantaged individuals, and result in increased employment and earnings for such individuals;*

*(B) the integration to be achieved between projects assisted under this section and the 4-year State plan (and related needs assessment carried out for the plan) developed in accordance with section 342 of the Adult Education Act (20 U.S.C. 1206a);*

*(C) the variety of settings, including workplace settings, in which literacy training and learning opportunities will be provided; and*

*(D) the linkages that will be established, where feasible, to avoid duplication and enhance the delivery of services, with programs under—*

*(i) titles II and III of this Act;*

*(ii) the Adult Education Act;*

*(iii) the Carl D. Perkins Vocational and Applied Technology Education Act;*

*(iv) the Stewart B. McKinney Homeless Assistance Act;*

*(v) the JOBS Program;*

*(vi) the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.);*

*(vii) the National Literacy Act of 1991 (Public Law 102–73);*

*(viii) the Emergency Immigrant Education Act of 1984 (20 U.S.C. 3121 et seq.); and*

*(ix) the National and Community Service Act of 1990 (42 U.S.C. 12401 et seq.);*

*(3) the goals to be achieved and services to be provided by the nontraditional employment for women programs specified in subsection (a)(2)(C) that will receive the assistance; and*

*(4) the proportion of funds received under this section that will be used to carry out the programs described in paragraphs (1), (2), and (3), respectively.*

*(d) Service Requirements.—*

*(1) Permitted services.—Services funded under this section to carry out the projects described in subsection (a)(2) may include education and training, vocational education services, and related services, provided to participants under title II. In addition, services funded under this section may include services for offenders, veterans, and other individuals who the Governor determines require special assistance.*

*(2) Limitations on expenditures.—*

*(A) Coordination of services.—Not more than 20 percent of the funds allocated under this section may be expended to pay for the Federal share of projects described in subsection (a)(2)(D) at the State and local levels.*

*(B) School-to-work services; literacy and lifelong learning services.—Not less than 80 percent of the funds allocated under this section shall be expended to pay for the Federal share of projects conducted in accordance with subparagraphs (A), (B), and (C) of subsection (a)(2).*

*(C) Economically disadvantaged individuals.—Not less than 75 percent of the funds allocated for projects under subparagraphs (A), (B), and (C) of subsection (a)(2) shall be expended for projects for economically disadvantaged individuals who experience other barriers to employment. Priority for funds not expended for the economically disadvantaged shall be given to title III participants and persons with other barriers to employment.*

*(e) Distribution of Funds in Absence of Agreement.—If no agreement is reached in accordance with subsection (b) on the use of funds under this section, the Governor shall notify the Secretary and shall distribute the funds to service delivery areas in accordance with section 202(b) for the projects described in subsection (a)(2).*

*(f) Reports and Records.—*

*(1) Reports by governors.—The Governor shall prepare reports on the projects funded under this section, including such information as the Secretary may require to determine the extent to which the projects supported under this section result in achieving the goals specified in paragraphs (1), (2), and (3) of*

*subsection (c). The Governor shall submit the reports to the Secretary at such intervals as shall be determined by the Secretary.*

*(2) RECORDS AND REPORTS OF RECIPIENTS.—Each direct or indirect recipient of funds under this section shall keep records that are sufficient to permit the preparation of reports. Each recipient shall submit such reports to the Secretary, at such intervals as shall be determined by the Secretary.*

* * * * * * *

### [TRAINING PROGRAMS AND OLDER INDIVIDUALS

[SEC. 124. (a) From funds available for use under section (202(b)(2), the Governor is authorized to provide for job training programs which are developed in conjunction with service delivery areas within the State and which are consistent with the plan for the service delivery area prepared and submitted in accordance with the provisions in section 104, and designed to assure to training and placement of older individuals in employment opportunities with private business concerns.

[(b) In carrying out this section, the Governor shall, after counsltation with appropriate private industry councils and chief elected officials, enter into agreements with public agencies, nonprofit private organizations, including veterans organizations, and private business concerns.

[(c) The Governor shall give consideration to assisting programs involving training for jobs in growth industries and jobs reflecting the use of new technological skills.

[(d) An individual shall be eligible to participate in a job training program under this section only if the individual is economically disadvantaged and has attained 55 years of age.]

### *IDENTIFICATION OF ADDITIONAL IMPOSED REQUIREMENTS*

*SEC. 124. If a State or service delivery area imposes a requirement, including a rule, regualtion, policy, or performance standard, relating to the administration and operation of programs funded by this Act (including requirements based on State or service delivery area interpretation of any Federal law, regulation, or guideline) the State or area shall identify the requirement as a State- or service delivery area-imposed requirement.*

* * * * * * *

### STATE LABOR MARKET INFORMATION PROGRAMS

Sec. 125. (a) In order to be eligible for Federal financial assistance for State labor market information programs under this Act from funds made available under [section 202(b)(4) and] section 461(b), the Governor shall designate the State occupational information coordinating committee or other organizational unit to be responsible for oversight and management of a statewide comprehensive labor market and occupational supply and demand information system, which shall—

* * * * * * *

(4) publish and disseminate labor market and occupational supply and demand information and individualized career information to State agencies, area public agencies, libraries, and private not-for-profit users, and individuals who are in the process of making career decision choices; [and]

(5) conduct research and demonstration projects designed to improve any aspect of the statewide information system[.]*; and*

*(6) provide training and technical assistance to support comprehensive career guidance and participant outcome activities for local programs assisted under this Act.*

* * * * * * *

## PART C—PROGRAM REQUIREMENTS FOR SERVICE DELIVERY SYSTEM

### GENERAL PROGRAM REQUIREMENTS

SEC. 141. Except as otherwise provided, the following conditions are applicable to all programs under this Act:

(a) * * *

* * * * * * *

*(d)(1) * * **

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(3)*(A)* Commercially available training packages, including advanced learning technology, may be purchased for off-the-shelf prices and without requiring a breakdown of the cost components of the package if such packages are purchased competitively and include performance criteria.

*(B) Tuition charges for training or education provided by an institution of higher education or postsecondary institution that are not more than the chares for such training or education made available to the general public do not require a break-down of cost components.*

*(C) Funds provided from the allocation to a service delivery area for any fiscal year that are expended by any service provider (with the exception of a State or local agency) for the cost of administering services under part A or C title II shall not be subject to the limitation contained in section 108(b)(4)(A) if—*

*(i) such funds are expended under an agreement under which not less than 90 percent of the funds provided for the costs of direct training and training-related and supportive services;*

*(ii) such expenditures are charged to the approriate cost category; and*

*(iii) the service delivery area is in compliance with the requirement under section 108(b)(4)(B) for such fiscal year.*

* * * * * * *

(g)*(1)* Payments to employers for on-the-job training shall not, during the period of such training, aveage more than 50 percent of the wages paid by the employer to such particpants, and payments in such amount shall be deemed to be in compensation for the extraordinary costs associated with training participants under this

Act and in compensation for the costs associated with the lower productivity of such participants.

*(2) On-the-job training authorized under this Act for a participant with respect to a position shall be limited in duration to a period not in excess of the period generally required for acquisition of skills needed for the position within a particular occupation. In no event shall the training exceed 6 months unless the total number of hours of such training is less than 500 hours. In determining the period generally required for acquisition of the skills, consideration shall be given to recognized reference material (such as the Dictionary of Occupational Titles), the content of the training of the participant, (the prior work experience of the participant, and the service strategy of the participant.*

*(3)(A) Each on-the-job training contract shall—*

*(i) specify the types and duration of on-the-job training to be developed and other services to be provided in sufficient detail to allow for a fair analysis of the reasonableness of proposed costs; and*

*(ii) comply with the requirements of section 164.*

*(B) Each on-the-job training contract that is not directly contracted by a service delivery area with an employer (but instead is contracted through an intermediary brokering contractor), shall, in addition to meeting the requirements of subparagraph (A), specify the outreach, recruitment, participant training, counseling, placement, monitoring, followup, and other services to be provided directly by the brokering contractor within the organization of the contractor, the services to be provided by the employers conducting the on-the-job training, and the services to be provided, with or without cost, by other agencies and subcontractors.*

*(C) If a brokering contractor enters into a contract with a subcontractor to provide training or other services, the brokering contractor shall ensure, through on-site monitoring, compliance with subcontract terms prior to making payment to the subcontractor.*

* * * * * * *

[(k) No funds may be provided under this Act for any subsidized employment with any private for-profit employer unless the individual employed is a youth aged 16 to 21, inclusive, who is economically disadvantaged and the employment is provided in accordance with section 205(d)(3)(B).]

*(k) The Federal requirements governing the title, use, and disposition of real property, equipment, and supplies purchased with funds provided under this Act shall be the Federal requirements generally applicable to Federal grants to States and local governments.*

* * * * * * *

[(m) Pursuant to regulations of the Secretary, income generated under any program may be retained by the recipient to continue to carry out the program, notwithstanding the expiration of financial assistance for that program.]

*(m)(1) A public or private nonprofit entity administering a program under this Act may retain income under the program if the entity uses such income to continue to carry out such program, and may use the income for such purposes without fiscal year limitation.*

*(2) Income subject to the requirements of paragraph (1) shall include—*

*(A) receipts from goods or services provided as a result of activity funded under this Act; and*

*(B) funds provided to a service provider under this Act that are in excess of the costs associated with the services provided.*

*(3) For the purposes of this subsection, each public or private nonprofit entity receiving financial assistance under this Act shall maintain records sufficient to determine the amount of income received and the purposes for which such income is expended.*

* * * * * * *

(p) No funds available under [part B of this title or part A of] *part A or C of* title II may be used for public service employment.

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GRIEVANCE PROCEDURE

SEC. 144. (a) * * *

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*(d)(1)(A) If a grievant files a grievance alleging a displacement from employment in violation of paragraph (1) or (3) of section 143(b) and no decision is issued within 60 days of the date on which the grievant filed the grievance, any party to the grievance may submit the grievance to arbitration conducted in accordance with paragraphs (2) through (4) by—*

*(i) an arbitrator selected in accordance with subparagraph (C); or*

*(ii) the Governor of the State in which the displacement occurred.*

*(B) If a grievant files such a grievance and a decision is issued that is adverse to a party to the grievance, the party may submit the grievance to such arbitration.*

*(C) The arbitrator described in paragraph (1)(a)(i) shall be a qualified arbitrator who is independent of the interested parties. The arbitrator shall be jointly selected by the parties. If the parties cannot agree on an arbitrator within 15 days of the date on which the grievance is submitted to arbitration, the Governor shall appoint an arbitrator from a list of qualified arbitrators maintained by the Governor.*

*(2) The arbitrator shall conduct an arbitration proceeding not later than 45 days after the date on which a party submitted the grievance to arbitration.*

*(3) The arbitrator shall issue a decision concerning such grievance not later than 30 days after the date of such arbitration proceeding.*

*(4) The parties to the arbitration shall evenly divide the cost of such arbitration proceeding.*

*(e) Remedies available under this section for violations of paragraph (1) or (3) of section 143(b) may include—*

*(1) suspension or termination of payments under this Act;*

*(2) prohibition of placement of a participant in a program under this Act;*

*(3) recapture of payments made under this Act;*

*(4) if the grievant requests reinstatement to the position of the grievant prior to the displacement, such reinstatement, together with such compensation (including back pay and lost benefits) and such terms, conditions, and privileges of employment, as the grievant enjoyed prior to displacement; and*

*(5) such equitable relief as is necessary to make the grievant whole.*

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## PART D—FEDERAL AND FISCAL ADMINISTRATIVE PROVISIONS

### PROGRAM YEAR

SEC. 161. (a) * * *

* * * * * * *

(b)(1) * * *

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(2) Notwithstanding paragraph (1), funds obligated for any program year for programs authorized by sections [452 through 455] *451 and 454* of part D of title IV of this Act shall remain available until expended.

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### PROMPT ALLOCATION OF FUNDS

SEC. 162. (a) * * *

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*(f) When contracting with nonprofit organizations of demonstrated effectiveness, the Secretary, States, and service delivery areas may make advance payments, except that such advance payments shall be based on the financial need of such organizations and shall not exceed 20 percent of the total contract amount.*

* * * * * * *

### FISCAL CONTROLS; SANCTIONS

SEC. 164. [(a)(1) Each State shall establish such fiscal control and fund accounting procedures as may be necessary to assure the proper disbursal of, and accounting for, Federal funds paid to the recipient under titles II and III. The Director of the Office of Management and Budget, in consultation with the Comptroller General of the United States, shall establish guidance for the proper performance of audits. Such guidance shall include a review of fiscal controls and fund accounting procedures established by States under this section.

[(2) At least once every two years, the State shall prepare or have prepared an independent financial and compliance audit of each recipient of funds under titles II and III of this Act. Under criteria established by the Director of the Office of Management and Budget, and upon application by the Governor, the Secretary may exempt designated recipients from all or part of the requirements of this section, except that any such exemption shall not apply to the State administering agency, the entity which is the administrative entity for the job training plan for a service delivery area, or a private industry council. Any exemption under this section may be withdrawn by the Secretary in consultation with the Director of the Office of Management and Budget.

[(3) Each audit shall be conducted in accordance with applicable auditing standards set forth in the financial and compliance element of the Standards for Audit for Governmental Organizations, Programs, Activities, and Functions issued by the Comptroller General of the United States.] *(a)(1) Each State shall establish such fiscal control and fund accounting procedures as may be necessary to assure the proper disbursal of, and accounting for, Federal funds paid to the recipient under titles II and III. Such procedures shall ensure that all financial transactions are conducted and records maintained in accordance with generally accepted accounting principles applicable in each State.*

*(2) The Governor shall prescribe and implement uniform procurement standards to ensure fiscal accountability and prevent fraud and abuse in programs administered under this Act. Such standards shall include provisions to ensure that, for the State, substate areas, and service delivery areas—*

*(A) procurements shall be conducted in a manner providing full and open competition;*

*(B) the use of sole source procurements shall be minimized to the extent practicable, but in every case shall be justified;*

*(C) procurements shall include an analysis of the reasonableness of costs and prices;*

*(D) procurements shall not provide excess program income (for nonprofit and governmental entities) or excess profit (for private for-profit entities), and that appropriate factors shall be utilized in determining whether such income or profit is excessive, such as—*

*(i) the complexity of the work to be performed;*

*(ii) the risk borne by the contractor; and*

*(iii) market conditions in the surrounding geographic area;*

*(E) procurements shall clearly specify deliverables and the basis for payment;*

*(F) written procedures shall be established for procurement transactions;*

*(G) no grantee, contractor, subgrantee, or subcontractor shall engage in any conflict of interest, actual or apparent, in the selection, award and administration of a contract or grant under this Act; and*

*(H) all grantees and subgrantees shall conduct oversight to ensure compliance with procurement standards.*

*(3) The Governor shall annually conduct on-site monitoring of each service delivery area and substate area within the State to ensure compliance with the procurement standards established under paragraph (2).*

*(4) If the Governor determines that a service delivery area or substate area is not in compliance with the procurement standards established under paragraph (2), the Governor shall—*

*(A) require corrective action to secure prompt compliance; and*

*(B) impose the sanctions described in subsections (b) and (e) in the event of failure to take the required corrective action.*

*(5) The Governor shall submit to the Secretary the procurement standards established under paragraph (2), and shall annually certify to the Secretary that—*

*(A) the State procurement standards fully satisfy the requirements described in paragraph (2);*

*(B) the State has monitored substate areas and service delivery areas to ensure compliance with the procurement standards established under paragraph (2); and*

*(C) the State has taken appropriate action to secure compliance under paragraph (4).*

*(6) The Secretary shall biennially review the procurement standards established under paragraph (2) and notify the appropriate committees of the Congress whether the requirements contained in paragraph (5) have been satisfied.*

*(7) If the Secretary determines that a Governor has not fulfilled the requirements of this subsection, the Secretary shall—*

*(A) require corrective action to secure prompt compliance; and*

*(B) impose the sanctions provided under subsection (f) in the event of failure of the Governor to take the required corrective action.*

*(8) The Secretary, in consultation with the Inspector General, shall review the implementation of this subsection and submit a report to the appropriate committees of the Congress, not later than October 1, 1994, evaluating the effectiveness of the subsection in ensuring fiscal accountability and containing such recommendations as the Secretary determines to be appropriate.*

[(b)(1) Whenever, as a result of financial and compliance audits or otherwise, the Governor determines that there is a substantial violation of a specific provision of this Act or the regulations, and corrective action has not been taken, the Governor may issue a notice of intent to revoke approval of all or part of the plan affected. Such notice may be appealed to the Secretary under the same terms and conditions as the disapproval of the plan and shall not become effective until (A) the time for appeal has expired or (B) the Secretary has issued a decision.

[(2) The Governor shall withdraw the notice if the appropriate corrective action has been taken.]

*(b)(1) Whenever, as a result of financial and compliance audits or otherwise, the Governor determines that there is a substantial violation of this Act, and corrective action has not been taken, the Governor shall—*

*(A) issue a notice of intent to revoke approval of all or part of the plan affected; or*

*(B) impose a reorganization plan, which may include—*

*(i) restructuring the private industry council involved;*

*(ii) prohibiting the use of designated service providers;*

*(iii) selecting an alternative administrative entity to administer a program for the service delivery area involved;*

*(iv) merging the service delivery area into one or more other existing service delivery areas; or*

*(v) making such other changes as the Secretary or Governor determines to be necessary to secure compliance.*

*(2)(A) The actions taken by the Governor under paragraph (1)(A) may be appealed to the Secretary under the same terms and conditions as the disapproval of the plan and shall not become effective until—*

*(i) the time for appeal has expired; or*

*(ii) the Secretary has issued a decision regarding an appeal.*

*(B) The actions taken by the Governor under paragraph (1)(B) may be appealed to the Secretary, who shall make a final decision within 60 days of the receipt of the appeal.*

*(3) If the Governor fails to promptly take the actions required under paragraph (1), the Secretary shall take such actions.*

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### REPORTS, RECORDKEEPING, AND INVESTIGATIONS

Sec. 165. (a)(1) * * *

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*(3) In order to allow for the preparation of estimates necessary to meet the requirements of subsection (c), recipients shall maintain standardized records for all individual participants, and provide to the Secretary a sufficient number of such records to provide an adequate random sample.*

(b)(1)(A) * * *

* * * * * * *

*(3)(A) In carrying out any audit under this Act (other than any initial audit survey or any audit investigating possible criminal or fraudulent conduct), either directly or through a grant or contract, the Secretary, the Inspector General, or the Comptroller General shall furnish to the State, administrative entity, recipient, or other entity to be audited, advance notification of the overall objectives and purposes of the audit, and any extensive recordkeeping or data requirements to be met, not fewer than 14 days (or as soon as practicable) prior to the commencement of the audit.*

*(B) If the scope, objectives, or purposes of the audit change substantially during the course of the audit, the entity being audited shall be notified of the change as soon as practicable.*

*(C) The reports on the results of such audits shall cite the law, regulation, policy, or other criteria applicable to any finding.*

*(D) Nothing contained in this Act shall be construed so as to be inconsistent with the Inspector General Act of 1978 (5 U.S.C. App.) or government auditing standards issued by the Comptroller General.*

(c) Each State, each administrative entity designated under title I, and each recipient (other than a subrecipient, grantee or contractor of a recipient) receiving funds under this Act shall—

(1) make such reports concerning its operations and expenditures as shall be prescribed by the Secretary**[**, and**]***;*

**[**(2) prescribe and maintain a management information system, in accordance with guidelines prescribed by the Secretary, designed to facilitate the uniform compilation and analysis of programmatic and financial data, on statewide and service delivery area bases, necessary for reporting, monitoring, and evaluating purposes.**]**

*(2) prescribe and maintain comparable management information systems, in accordance with guidelines that shall be prescribed by the Secretary, designed to facilitate the uniform compilation, cross tabulation, and analysis of programmatic, participant, and financial data, on statewide and service delivery area bases, necessary for reporting, monitoring, and evaluating purposes, including data necessary to comply with section 167; and*

*(3) monitor the performance of service providers in complying with the terms of grants, contracts, or other agreements made under this Act.*

*(d)(1) The reports required in subsection (c) shall include information pertaining to—*

*(A) the relevant demographic characteristics (including race, ethnicity, sex and age) and other related information about enrollees and participants;*

*(B) the activities in which participants are enrolled, and the length of time that participants are engaged in such activities;*

*(C) program outcomes, including occupations, for participants;*

*(D) specified program costs; and*

*(E) information necessary to prepare reports to comply with section 167.*

*(2) The Secretary shall ensure that all elements required for the reports described in paragraph (1) are defined and reported uniformly.*

*(e) Each Governor of a State participating in a program under this Act shall ensure that procedures are developed for retention of all records pertinent to all grants and agreements made under this Act, including financial, statistical, property, and participant records and supporting documentation. For funds allotted to a State for any program year, records must be retained for 2 years following the date on which the annual expenditure report containing the final expenditures charged to the allotment for such program year is submitted to the Secretary. Records for nonexpendable property shall be retained for a period of 3 years after final disposition of the property.*

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NONDISCRIMINATION

SEC. 167. (a)(1) * * *

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*(e)(1) The head of the office of the Department of Labor referred to as the "Directorate for Civil Rights" shall annually prepare a report on the administration and enforcement of this section.*

*(2) The report required by paragraph (1) shall include—*

*(A) an identification of the service delivery areas and States that have determined, during the preceding program year, not to be in compliance with this section;*

*(B) for each such identification, the date on which the inquiry was begun and whether the inquiry was initiated on the basis of a complaint or at the initiative of the Deparment;*

*(C) an identification of the service delivery areas and States awaiting findings by the Directorate;*

*(D) the number of service delivery areas and States that, during the preceding year, were determined not to be in compliance with this section, and the number for which insufficient data prevented the making of such a determination, and information identifying the type of data that is missing or inadequate;*

*(E) a statistical summary, broken down by race, sex, national origin, disability, or age, of the number of inquiries undertaken and the outcomes of the inquiries;*

*(F) an identification of any service delivery area or State that has been determined, during the preceding year, to have failed to conduct objective assessments as required by sections 204 and 274 on a nondiscriminatory basis;*

*(G)(i) the amount expended by the Department for the administration and enforcement by the Directorate of this section; and*

*(ii) the number and percentage of full-time employees, and the full-time equivalent of the part-time employees, engaged in such administration and enforcement;*

*(H) the number of onsite visits conducted each year, and whether the visits were initiated by the Department or by complaint;*

*(I) the number of cases referred to the Attorney General, and for such cases—*

*(i) the civil actions taken by the Attorney General on the cases;*

*(ii) the use, by the Secretary, of the authority of title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.), the Age Discrimination Act of 1975 (29 U.S.C. 621 et seq.), or section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794); and*

*(J) a description of any other actions taken by the Secretary under, or related to the administration and enforcement of, this section.*

*(3) The report required by this subsection shall be submitted to the Congress as part of the annual report of the Secretary under section 169(d).*

*(f) In addition to any other sums authorized to be appropriated, there are authorized to be appropriated for the operations and expenses of the Directorate such sums as may be necessary for the purpose of increasing the number of full-time equivalent personnel available to the Directorate in order to comply with the requirements of this section.*

* * * * * * *

### CONSTRUCTION

SEC. 172. (a) ELIGIBILITY.—* * *

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(b) USE OF FUNDS.—Nothing in this Act shall be construed to authorize the use of funds under this Act for the ongoing support services provided to [handicapped individuals] *individuals with a* *disability* placed in supported employment, as such term is defined in section 7(18) of the Rehabilitation Act of 1973.

* * * * * * *

## TITLE II—TRAINING SERVICES FOR THE DISADVANTAGED

### [Part A—Adult and Youth Programs

### [Allotment

[Sec. 201. (a) Not more than $5,000,000 of the amount appropriated pursuant to section 3(a)(1) for each fiscal year and available for this part shall be allotted among Guam, the Virgin Islands, American Samoa, the Trust Territory of the Pacific Islands, and the Northern Mariana Islands.

[(b)(1) Subject to the provisions of paragraph (2), of the remainder of the amount available for this part for each fiscal year—

[(A) 33⅓ percent shall be allotted on the basis of the relative number of unemployed individuals residing in areas of substantial unemployment in each State as compared to the total number of such unemployed individuals in all such areas of substantial unemployment in all the States;

[(B) 33⅓ percent shall be allotted on the basis of the relative excess number of unemployed individuals who reside in each State as compared to the total excess number of unemployed individuals in all the States;

[(C) 33⅓ percent shall be allotted on the basis of the relative number of economically disadvantaged individuals within the State compared to the total number of economically disadvantaged individuals in all States, except that, for the allotment for any State in which there is any service delivery area described in section 101(a)(4)(A)(iii), the allotment shall be based on the higher of the number of adults in families with an income below the low-income level in such area or the number of economically disadvantaged individuals in such area.

[(2)(A) No State shall receive less than one-quarter of 1 percent of the amounts available for allotment under this subsection for each such fiscal year.

[(B) No State shall be allotted less than 90 percent of its allotment percentage for the fiscal year preceding the fiscal year for which the determination is made. For the purpose of this subparagraph, the allotment percentage for each State for the fiscal year 1982 is the percent that each State received in 1982, pursuant to the formula allocations made under the Comprehensive Employment and Training Act, of the total such formula allocations for all States made under that Act in fiscal year 1982. For each succeeding fiscal year, the allotment percentage of a State shall be the percentage which the State received of all allotments pursuant to this subsection.

[(3) For purposes of paragraph (1)—

[(A) the term "excess number" means the number which represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in the State, or the number which represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in areas of substantial unemployment in such State; and

[(B) the term "economically disadvantaged" means an individual who has, or is a member of a family which has, received a total family income (exclusive of unemployment compensation, child support payments, and welfare payments) which, in relation to family size, was not in excess of the higher of (i) the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget, or (ii) 70 percent of the lower living standard income level.

### [WITHIN STATE ALLOCATION

[SEC. 202. (a)(1) The Governor shall, in accordance with section 162, allocate 78 percent of the allotment of the State (under section 201(b)) for such fiscal year among service delivery areas within the State in accordance with paragraph (2).

[(2) Subject to the provisions of paragraph (3), of the amount allocated under this subsection—

[(A) 33⅓ percent shall be allocated on the basis of the relative number of unemployed individuals residing in areas of substantial unemployment in each service delivery area as compared to the total excess number of such unemployed individuals in all such areas of substantial unemployment in the State;

[(B) 33⅓ percent shall be allocated on the basis of the relative excess number of unemployed individuals who reside in each service delivery area as compared to the total excess number of unemployed individuals in all service delivery areas in the State;

[(C) 33⅓ percent shall be allocated on the basis of the relative number of economically disadvantaged individuals within each service delivery area compared to the total number of economically disadvantaged individuals in the State, except that the allocation for any service delivery area described in section 101(a)(4)(A)(iii) shall be based on the higher of the number of adults in families with an income below the low-income level in such area or the number of economically disadvantaged individuals in such area.

[(3) For fiscal years beginning after September 30, 1986, no service delivery area within any State shall be allocated an amount equal to less than 90 percent of the average of its allocation percentage for the two preceding fiscal years preceding the fiscal year which the determination is made. The allocation percentage for a service delivery area is the percentage which the service delivery area received of the total amount allocated pursuant to this subsection to all service delivery areas within the State for each such preceding fiscal year. If the amounts appropriated pursuant to section 3 (a) and (b) are not sufficient to provide an amount equal to at least 90 percent of such allocation percentages to each such area, the amounts allocated to each area shall be ratably reduced.

[(4) For the purpose of this section—

[(A) the term "excess number" means the number which represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in the service delivery area or the number which represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in areas of substantial unemployment in such service delivery area; and

[(B) the term "economically disadvantaged" means an individual who has, or is a member of a family which has, received a total family income (exclusive of unemployment compensation, child support payments, and welfare payments) which, in relation to family size, was not in excess of the higher of (i) the proverty level determined in accordance with criteria established by the Director of the Office of Management and Budget, or (ii) 70 percent of the lower living standard income level.

[(b)(1) Eight percent of the allotment of each State (under section 201(b)) for each fiscal year shall be available to carry out section 123, relating to State education programs under this Act.

[(2) Three percent of such allotment of each State for each fiscal year shall be available to carry out section 124, relating to training programs for older individuals.

[(3)(A) Six percent of such allotment of each State for each fiscal year shall be available to carry out subparagraph (B) of this paragraph.

[(B) The amount reserved under subparagraph (A) of this paragraph shall be used by the Governor to provide incentive grants for programs exceeding performance standards and incentives for serving increased numbers of hard-to-serve individuals, particularly long-term welfare recipients, including title IV of the Social Security Act, relating to aid to families with dependent children, and title XVI of such Act, relating to supplemental security income. The incentive grants made under this subparagraph shall be distributed among service delivery areas within the State exceeding their performance standards in an equitable proportion based on the degree by which the service dleivery areas exceed their performance standards. If the full amount reserved under subparagraph (A) of this paragraph is not needed to make incentive grants under this subparagraph, the Government shall use the amount not so needed for technical assistance to service delivery areas in the State. Funds available under this subparagraph may, without regard to section 108(a), be used by the Governor or a service delivery area during not more than two program years to develop and implement a data collection system to track the postprogram experience of participants under this part.

[(4) Five percent of such allotment of the State for each fiscal year shall be available to the Governor of the State to be used for the cost of auditing activities, for administrative activities, and for other activities under sections 121 and 122.

### [ELIGIBILITY FOR SERVICES

[SEC. 203. (a)(1) Except as provided in paragraph (2), an individual shall be eligible to participate in programs receiving assistance under this title only if such individual is economically disadvantaged.

[(2) Up to 10 percent of the participants in all programs in a service delivery area receiving assistance under this part may be individuals who are not economically disadvantaged if such individuals have encountered barriers to employment. Such individuals may include, but are not limited to, those who have limited English-language proficiency, or are displaced homeworkers, school dropouts, teenage parents, handicapped, older workers, veterans, offenders, alcoholics, addicts, or homeless.

[(b)(1) Funds provided under this part shall be used in accordance with the job training plan to provide authorized services to disadvantaged youth and adults. Except as provided in paragraph (2), not less than 40 percent of the funds available for such services shall be expended to provide such services to eligible youth. For the purpose of the proceding sentence, the term "eligible youth" includes individuals who are 14 and 15 years of age and enrolled in pre-employment skills training.

[(2) To the extent that the ratio of economically disadvantaged youth to economically disadvantaged adults in the service delivery area differs from the ratio of such individuals notationally (as published by the Secretary), the amount which shall be required to expended for services for youth under paragraph (1) shall be reduced or increased proportionately in accordance with regulations prescribed by the Secretary.

[(3) Recipients of payments made under the program of aid to families with dependent children under a State plan approved under part A of title IV of the Social Security Act who are required to, or have, registered under section 402(a)(19) of that Act and eligible school dropouts shall be served on an equitable basis, taking into account their proportion of economically disadvantaged persons sixteen years of age or over in the area. For purposes of this paragraph, a school dropout is an individual who is neither attending any school nor subject to a compulsory attendance law and who has not received a secondary school diploma or a certificate from a program of equivalency for such a diploma.

[(4) In each service delivery area the ratio of participants in on-the-job training assisted under this title in the public sector to participants in suich training in the private sector shall not exceed the ratio between civilian governmental employment and nongovernmental employment in such area.

[(c) For purposes of this title—

[(1) the term "youth" means an individual who is aged 16 through 21, and

[(2) the term "adult" means an individual who is 22 years of age or older.

### [USE OF FUNDS

[SEC. 204. (a) Services which may be made available to youth and adults with funds provided under this title may include, but need not be limited to—

[(1) job search assistance,

[(2) job counseling,

[(3) remedial education and basic skills training,

[(4) institutional skill training,

[(5) on-the-job training,

[(6) programs of advanced career training which provide a formal combination of on-the-job institutional training and internship assignments which prepare individuals for career employment,

[(7) training programs operated by the private sector, including those operated by labor organizations or by consortia of private sector employers utilizing private sector facilities, equipment, and personnel to train workers in occupations for which demand exceeds supply,

[(8) outreach to make individuals aware of, and encourage the use of employment and training services,

[(9) specialized surveys not available through other labor market information sources,

[(10) programs to develop work habits and other services to individuals to help them obtain and retain employment,

[(11) supportive services necessary to enable individuals to participate in the program and to assist them in retaining employment for not to exceed 6 months following completion of training.

[(12) upgrading and retraining,

[(13) education-to-work transition activities,

[(14) literacy training and bilingual training,

[(15) work experience,

[(16) vocational exploration,

[(17) attainment of certificates of high school equivalency,

[(18) job development,

[(19) employment generating activities to increase job opportunities for eligible individuals in the area,

[(20) pre-apprenticeship programs,

[(21) disseminating information on program activities to employers,

[(22) use of advanced learning technology for education, job preparation, and skills training,

[(23) development of job openings,

[(24) on-site industry-specific training programs supportive of industrial and economic development,

[(25) followup services with participants placed in unsubsidized employment,

[(26) coordinated programs with other Federal employment-related activities,

[(27) needs-based payments necessary to participation in accordance with a locally developed formula or procedure, and

[(28) customized training conducted with a commitment by an employer or group of employers to employ an individual upon successful completion of that training.

[(b)(1) Funds provided under this title may be used to provide additional funds under an applicable program if—

[(A) such program otherwise meets the requirements of this Act and the requirements of the applicable program;

[(B) such program serves the same individuals that are served under this title;

[(C) such program provides services in a coordinated manner with services provided under this title; and

[(D) such funds would be used to supplement, and not supplant, funds provided from non-Federal sources.

[(2) For purposes of this subsection, the term "applicable program" means any program under any of the following provisions of law:

[(A) The Carl D. Perkins Vocational and Applied Technology Education Act.

[(B) The Wagner-Peyser Act.

### [EXEMPLARY YOUTH PROGRAMS

[SEC. 205. (a) In addition to the services for youth which may be available in accordance with section 204, the job training plan may, at the option of those responsible for its preparation, elect to include one or more of the exemplary youth programs described in subsections (b) through (e) of this section, each of which may be modified by the plan to accommodate local conditions.

[(b)(1) The job training plan may provide for the conduct of an "education for employment program" for eligible youth who have not attained a high school diploma or who have educational deficiencies despite the attainment of a diploma, with priority given to high school dropouts.

[(2) The education for employment programs may provide for the maintenance of a network of learning centers offering individualized or group instruction in convenient locations, such as schools, neighborhood organizations, libraries, and other sites, including mobile vans in rural areas.

[(3) The curricula provided by such network shall be designed to prepare the student to meet State and locally determined general education diploma and basic education competency requirements.

[(4) For purposes of this section, priority shall be given in the selection of service providers to previously funded in-school and community based organization projects which are both cost-effective and of demonstrated success, and which otherwise meet criteria under this Act.

[(c)(1) The job training plan may provide for the conduct of a "preemployment skills training program" for youth, and individuals aged 14 and 15, with priority being given to those individuals who do not meet established levels of academic achievement and who plan to enter the full-time labor market upon leaving school.

[(2) The preemployment skill training program may provide youth up to 200 hours of instruction and activities.

[(3) The instruction and activities may include—

[(A) assessment, testing, and counseling;

[(B) occupational career and vocational exploration;

[(C) job search assistance;

[(D) job holding and survival skills training;

[(E) basic life skills training;

[(F) remedial education;

[(G) labor market information; and

[(H) job-seeking skills training.

[(d)(1) The job training plan may provide for the conduct of an "entry employment experience program" for youth who—

[(A) have completed preemployment skills training or its equivalent;

[(B) have not recently held a regular part-time or summer job for more than 250 hours of paid employment, except that this paragraph may be waived in accordance with criteria established in the job training plan; and

[(C) are enrolled in a secondary school or an institution offering a certified high school equivalency program and are meeting or have met the minimum academic and attendance requirements of that school or education program during the current or most recent term,

with priority given to youth who do not plan to continue on to postsecondary education.

[(2) Entry employment experiences may be up to 20 hours weekly during the school year or full time during the summer and holidays, for a total of not to exceed 500 hours of entry employment experience for any individual. Such experiences shall be appropriately supervised, including the maintenance of standards of attendance and worksite performances.

[(3) Entry employment experiences may be one of the following types:

[(A) Full-time employment opportunities in public and private nonprofit agencies during the summer and on a part-time basis in combination with education and training activities. These jobs shall provide community improvement services that complement local expeditures.

[(B) Tryout employment at private for-profit worksites, or at public and private nonprofit worksites when private for-profit worksites are not available. Compensation in lieu of wages for tryout employment shall be paid by the grant recipient, but the length of any assignment to a tryout employment position shall not exceed 250 hours. Tryout employment positions shall be ones for which participants would not usually be hired (because of lack of experience or other barriers to employment), and vacancies in such positions may not be refilled if the previous participant completed the tryout employment but was not hired by the employer.

[(C) Cooperative education programs to coordinate educational programs with work in the private sector.

[(e)(1) The job training plan may provide for the conduct of a "school-to-work transition assistance program" for youth who are—

[(A) high school seniors who plan to enter the full-time labor market upon graduation, with priority to seniors in high schools having a predominance of students from families with incomes below 70 percent of the lower living standard income level; and

[(B) dropouts, with followup as immediately as possible after leaving school.

[(2) Transition services include—

[(A) provision of occupational information;

[(B) short-duration job search assistance;

[(C) job clubs;

[(D) placement and job development; and

[(E) followup.

[(3) Seniors and dropouts who are eligible for and in need of training activities may be provided information and, where appropriate, referred to—

[(A) preemployment skills training, entry employment experience, and remedial education;

[(B) adult training activities; and

[(C) the Job Corps.

### [PART B—SUMMER YOUTH EMPLOYMENT AND TRAINING PROGRAMS

### [PURPOSE

[SEC. 251. The purpose of programs assisted under this part is to—

[(1) enhance the basic educational skills of youth;

[(2) encourage school completion, or enrollment in supplementary or alternate school programs; and

[(3) provide eligible youth with exposure to the world of work.

### [AUTHORIZATION OF APPROPRIATIONS; ALLOTMENT AND ALLOCATION

[SEC. 252. (a) From the funds appropriated under section 3(b), the Secretary shall first allocate to Guam, the Virgin Islands, American Samoa, the Trust Territory of the Pacific Islands, the Northern Mariana Islands, and entities eligible under section 401 the same percentage of funds as were available to such areas and entities for the summer youth program in the fiscal year preceding the fiscal year for which the determination is made.

[(b) The remainder of sums appropriated pursuant to section 3(b) shall be allotted among States in accordance with section 201(b) and allocated among service delivery areas within States in accordance with section 202(a)(2), (3), and (4).

### [USE OF FUNDS

[SEC. 253. (a) Funds available under this part may be used for—

[(1) basic and remedial education, institutional and on-the-job training, work experience programs, employment counseling, occupational training preparation for work, outreach and enrollment activities, employability assessment, job referral and placement, job search and job club activities, and any other employment or job training activity designed to give employment to eligible individuals or prepare them for, and place them in, employment; and

[(2) supportive services necessary to enable such individuals to participate in the program.

[(b) A service delivery area shall assess the reading and mathematics skill levels of eligible participants in programs funded by this part and shall expend funds (from this Act or otherwise available to the service delivery area, or both) for basic and remedial education as described in the job training plan under section 104.

### [LIMITATIONS

[SEC. 254. (a) Programs under this part shall be conducted during the summer months except that a service delivery area may, within the jurisdiction of any local educational agency that operates its schools on a year-round, full-time basis, offer the programs under this part to participants during a vacation period treated as the equivalent of a summer vacation.

[(b) Except as provided in subsection (c), individuals eligible under this part shall be economically disadvantaged youth.

[(c) Eligible individuals aged 14 or 15 shall, if appropriate and set forth in the job training plan, be eligible for summer youth programs under this part.

### [APPLICABLE PROVISIONS

[SEC. 255. (a) Private industry councils established under title I, chief elected officials, State job training coordinating councils, and Governors shall have the same authority, duties, and responsibilities with respect to planning and administration of funds available under this part as private industry councils, chief elected officials, State job training coordinating councils, and Governors have for funds available under part A of title II.

[(b) In accordance with the provisions of subsection (a), each service delivery area shall establish written program goals and objectives which shall be used for evaluating the effectiveness of programs conducted under this part. Such goals and objectives may include—

[(1) improvement in school retention and completion;

[(2) improvement in academic performance, including mathematics and reading comprehension;

[(3) improvement in employability skills; and

[(4) demonstrated coordination with other community service organizations such as local educational agencies, law enforcement agencies, and drug and alcohol prevention and treatment programs.]

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### *PART A—ADULT OPPORTUNITY PROGRAM*

### *STATEMENT OF PURPOSE*

*SEC. 201. It is the purpose of this part to establish programs to prepare adults for participation in the labor force by increasing occupational and educational skills resulting in improved long-term employability, increased employment and earnings, and reduced welfare dependency.*

### *ALLOTMENT AND ALLOCATION*

*SEC. 202. (a) ALLOTMENT.—*

*(1) TERRITORIES.—Of the amount appropriated under section 3(a)(1) or each fiscal year and available to carry out this part, not more than one-quarter of 1 percent shall be allotted among Guam, the Virgin Islands, American Samoa, the Common-*

*wealth of the Northern Mariana Islands, the Freely Associated States, and the Republic of Palau.*

*(2) ALLOTMENT TO STATES.—*

*(A) IN GENERAL.—After determining the amounts to be allotted under paragraph (1), the Secretary shall allot the remainder to the States in accordance with subparagraph (B) for allocation to service delivery areas within each State in accordance with subsections (b) and (c).*

*(B) BASIS.—Subject to paragraph (3), of the remainder described in subparagraph (A) for each fiscal year—*

*(i) 33⅓ percent shall be allotted on the basis of the relative number of unemployed individuals residing in areas of substantial unemployment in each State as compared to the total number of such unemployed individuals in all such areas of substantial unemployment in all the States;*

*(ii) 33⅓ percent shall be allotted on the basis of the relative excess number of unemployed individuals who reside in each State as compared to the total excess number of unemployed individuals in all the States; and*

*(iii)(I) except as provided in subclause (II), 33⅓ percent shall be allotted on the basis of the relative number of economically disadvantaged individuals within each State as compared to the total number of economically disadvantaged individuals in all States; or*

*(II) for any State in which there is any service delivery area described in section 101(a)(4)(A)(iii), 33⅓ percent shall be allotted on the basis of the higher of the number of adults in families with an income below the low-income level in such area or the number of economically disadvantaged individuals in such area.*

*(3) LIMITATIONS ON ALLOTMENTS.—*

*(A) STATE MINIMUM.—No State shall receive less than one-quarter of 1 percent of the amount available for allotment to the States under this subsection from the remainder described in paragraph (2)(A) for each fiscal year.*

*(B) MINIMUM PERCENTAGE.—No State shall be allotted less than 90 percent of the allotment percentage of the State for the fiscal year preceding the fiscal year for which the determination is made.*

*(C) MAXIMUM PERCENTAGE.—No State shall be allotted more than 130 percent of the allotment percentage of the State for the fiscal year preceding the fiscal year for which the determination is made.*

*(D) ALLOTMENT PERCENTAGE.—*

*(i) IN GENERAL.—For the purposes of this paragraph, the allotment percentage of a State shall be the percentage that the State received of all allotments under this subsection.*

*(ii) FISCAL YEAR 1992.—For the purposes of this paragraph, for fiscal year 1992, the allotment percentage of a State shall be the percentage that the State received*

*of all allotments under section 201 as in effect on the day before the date of the enactment of this section.*

*(b) Allocation to Service Delivery Areas.—Of the amounts allotted to each State under subsection (a)(2)(B) for each fiscal year, the Governor shall allocate 77 percent in accordance with this subsection and 23 percent in accordance with subsection (c). Of such 77 percent—*

*(1) 33⅓ percent shall be allocated among service delivery areas within the State on the basis of the relative number of unemployed individuals residing in areas of substantial unemployment in each service delivery area as compared to the total excess number of such unemployed individuals in all such areas of substantial unemployment in the State;*

*(2) 33⅓ percent shall be allocated among service delivery areas within the State on the basis of the relative excess number of unemployed individuals who reside in each service delivery area as compared to the total excess number of unemployed individuals in all service delivery areas in the State; and*

*(3)(A) except as provided in clause (ii), 33⅓ percent shall be allocated among service delivery areas within the State on the basis of the relative number of economically disadvantaged individuals within each service delivery area as compared to the total number of economically disadvantaged individuals in the State; or*

*(B) for any service delivery area described in section 101(a)(4)(A)(iii), 33⅓ percent shall be allotted on the basis of the higher of the number of adults in families with an income below the low-income level in such area or the number of economically disadvantaged individuals in such area.*

*(c) State Activities.—*

*(1) In general.—The Governor shall allocate 23 percent of the amounts allotted to each State under subsection (a)(2)(B) for the activities described in paragraph (2).*

*(2) Uses.—Of the amounts allotted to each State under subsection (a)(2)(B) for each fiscal year—*

*(A)(i) except as provided in clause (ii), 5 percent shall be available for overall administration, management, and auditing activities relating to programs under this title and for activities described in sections 121 and 122; and*

*(ii) the Secretary shall ensure that the amount available to carry out the activities described in clause (i) is not less than $500,000 by—*

*(I) ratably reducing, by an amount necessary to meet the requirement of subclause (II), the amounts available under clause (i) for the States that have amounts available in excess of $500,000; and*

*(II) allotting the funds available under subclause (I) to the States that would otherwise have amounts available under clause (i) that are less than $500,000 in amounts necessary to ensure that such States have an amount equal to $500,000 to carry out the activities described in clause (i);*

*(B) 2 percent shall be available to technical assistance and capacity building in developing the overall capability*

*of the job training system within the State, including the development and training of State and local service delivery area staff, service provider staff, the development of information and exemplary program activities, and the conduct of research and other activities designed to improve the level, degree, and goals of programs conducted under this Act;*

*(C) 3 percent shall be available to provide incentive grants authorized under section 106(b)(8);*

*(D) 8 percent shall be available to carry out section 123; and*

*(E) 5 percent shall be available to carry out section 204(d).*

*(d) DEFINITIONS AND RULE.—*

*(1) DEFINITIONS.—As used in this section:*

*(A) ECONOMICALLY DISADVANTAGED INDIVIDUAL.—The term "economically disadvantaged individual" means an individual who is age 22 through 72 and who has, or is a member of a family that has, received a total family income that, in relation to family size, was not in excess of the higher of—*

*(i) the official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9902(2)); or*

*(ii) 70 percent of the lower living standard income level.*

*(B) EXCESS NUMBER.—The term "excess number" means—*

*(i) with respect to the excess number of unemployed individuals within a State—*

*(I) the number of unemployed individuals age 22 through 72 in excess of 4.5 percent of the civilian labor force in the State; or*

*(II) the number of such unemployed individuals in excess of 4.5 percent of the civilian labor force in areas of substantial unemployment in such State; and*

*(ii) with respect to the excess number of unemployed individuals within a service delivery area—*

*(I) the number of unemployed individuals age 22 through 72 in excess of 4.5 percent of the civilian labor force in the service delivery area; or*

*(II) the number of such unemployed individuals in excess of 4.5 percent of the civilian labor force in areas of substantial unemployment in such area.*

*(2) SPECIAL RULE.—For the purposes of this section, the Secretary shall, as appropriate and to the extent practical, exclude college students and members of the Armed Forces from the determination of the number of economically disadvantaged individuals.*

### *ELIGIBILITY FOR SERVICES*

*SEC. 203. (a) ELIGIBILITY.—*

*(1) IN GENERAL.—An individual shall be eligible to participate in the program assisted under this part if such individual is—*

*(A) 22 years of age or older; and*

*(B) economically disadvantaged.*

*(2) MINUMUM REQUIREMENT.—Not less than 65 percent of the participants in a program assisted under this part in each service delivery area shall be individuals who, in addition to meeting the requirements of paragraph (1), are included in one or more of the following categories:*

*(A) Individuals who are basic skills deficient.*

*(B) Individuals who are school dropouts.*

*(C) Individuals who are recipients of aid to families with dependent children who either meet the requirements of section 403(l)(2)(B) of the Social Security Act (42 U.S.C. 603(l)(2)(B)) or have been provided an employability plan in accordance with section 482(b) of the Social Security Act (42 U.S.C. 682(b)).*

*(D) Individuals with a disability.*

*(E) Individuals who are homeless, as defined by subsections (a) and (c) of section 103 of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11302).*

*(F) Individuals who are unemployed for the previous 6 months or longer.*

*(G) Offenders.*

*(H) Individuals who are limited-English proficient.*

*(I) Individuals who are in a category established under subsection (b).*

*(3) SPECIAL RULE.—Not more than 10 percent of all participants in a program assisted under this part in each service delivery area shall be individuals who are not economically disadvantaged if such individuals are age 22 or older and within 1 or more categories of individuals who face serious barriers to employment. Such categories may include the categories described in paragraph (2), or categories such as displaced homemakers, older workers, veterans, alcoholics, or addicts.*

*(b) ADDITIONAL CATEGORY.—A service delivery area conducting a program assisted under this part may add one category of individuals who face serious barriers to employment to the categories of eligible individuals described in subsection (a)(2) if—*

*(1) the service delivery area submits a request to the Governor identifying the additional category of individuals and justifying the inclusion of such category;*

*(2) the Governor approves the request submitted under paragraph (1) and transmits the request to the Secretary, as part of the Governor's coordination and special services plan under section 121; and*

*(3) the Secretary approves the request submitted under paragraph (2).*

### *PROGRAM DESIGN*

*SEC. 204. (a) IN GENERAL.—*

*(1) PROGRAM REQUIREMENTS.—Each program assisted under this part shall include—*

*(A) an objective assessment of the skill levels and service needs of each participant, including such factors as basic skills, occupational skills, prior work experience, employability, interests, aptitudes (including interests and aptitudes for nontraditional employment) and supportive service needs, except that a new assessment of a participant is not required if the program determines that a recent assessment of the participant conducted under another education or training program, such as the JOBS program, is an appropriate assessment;*

*(B) development of service strategies that shall identify the employment goal (including, in appropriate circumstances, nontraditional employment), the appropriate achievement objectives, and the appropriate sequence of services for participants, taking into account the assessments conducted under paragraph (1), except that a new service strategy is not required if the program determines a recent service strategy developed for the participant under another education or training program (such as the JOBS program) is an appropriate service strategy;*

*(C) a review of the progress of each participant in meeting the objectives of the service strategy; and*

*(D) basic skills training and occupational skills training if the assessment and the service strategy indicate such training is appropriate.*

*(2) ADDITIONAL REQUIREMENTS.—*

*(A) MINIMUM INCOME PARTICIPANTS AND APPLICANTS.—Each service delivery area participating in a program assisted under this part shall ensure that each participant or applicant who meets the minimum income eligibility criteria shall be provided—*

*(i) information on the full array of applicable or appropriate services that are available through the service delivery area or other service providers, including providers receiving funds under this Act; and*

*(ii) referral to other appropriate training and eductional programs that have the capacity to serve the participant or applicant either on a sequential or concurrent basis.*

*(B) APPLICANTS NOT MEETING ENROLLMENT REQUIREMENTS.—*

*(i) SERVICE PROVIDERS.—Each service provider shall ensure that an eligible applicant who does not meet the enrollment requirements of the particular program of the provider shall be referred to the service delivery area for further assessment, as necessary, and referrals to appropriate programs to meet the basic skills and training needs of the applicant.*

*(ii) SERVICE DELIVERY AREA.—The service delivery area shall ensure that appropriate referrals are made under clause (i) and shall maintain records on the referrals and the reasons for which applicants and referred.*

*(b) AUTHORIZED SERVICES.—Subject to the limitations contained in subsection (c), services that may be made available to each participant under this part may include—*

*(1) direct training services, including—*

*(A) basic skills training, including remedial education, literacy training, and English-as-a-second-language instruction;*

*(B) institutional skills training;*

*(C) on-the-job training;*

*(D) assessment of the skill levels and service needs of participants;*

*(E) counseling, such as job counseling and career counseling;*

*(F) case management services;*

*(G) education-to-work transition activities;*

*(H) programs that combine workplace training with related instruction;*

*(I) work experience;*

*(J) programs of advanced career training that provide a formal combination of on-the-job and institutional training and internship assignments that prepare individuals for career employment;*

*(K) training programs operated by the private sector, including programs operated by labor organizations or by consortia of private sector employers utilizing private sector facilities, equipment, and personnel to train workers in occupations for which demand exceeds supply;*

*(L) skill upgrading and retraining;*

*(M) bilingual training;*

*(N) entrepreneurial training, such as training activities for microenterprises;*

*(O) vocational exploration;*

*(P) training programs to develop work habits to help individuals obtain and retain employment;*

*(Q) attainment of certificates of high school equivalency;*

*(R) preapprenticeship programs;*

*(S) on-site, industry-specific training programs supportive of industrial and economic development;*

*(T) customized training conducted with a commitment by an employer or group of employers to employ an individual upon successful completion of the training; and*

*(U) use of advanced learning technology for education, job preparation, and skills training; and*

*(2) training-related and supportive services, including—*

*(A) job search assistance;*

*(B) outreach to make individuals aware of, and encourage the use of, employment and training services, including efforts to expand awareness of training and placement op-*

*portunities for limited-English proficient individuals and individuals with disabilities;*

*(C) outreach, to develop awareness of, and encourage participation in, education, training services, and work experience programs to assist women in obtaining nontraditional employment, and to facilitate the retention of women in nontraditional employment, including services at the site of training or employment;*

*(D) specialized surveys not available through other labor market information sources;*

*(E) dissemination of information on program activities to employers;*

*(F) development of job openings;*

*(G) programs coordinated with other Federal employment-related activities;*

*(H) supportive services, necessary to enable individuals to participate in the program, and to assist the individuals, for a period not to exceed 12 months following completion of training, to retain employment;*

*(I) needs-based payments necessary to participate in accordance with a locally developed formula or procedure;*

*(J) followup services with participants placed in unsubsidized employment; and*

*(K) services to obtain job placements for individual participants.*

*(c) SPECIAL RULES.—*

*(1) WORKPLACE CONTEXT AND INTEGRATION.—Basic skills training provided under this part shall, in appropriate circumstances, have a workplace context and be integrated with occupational skills training.*

*(2) BASIC EDUCATION OR OCCUPATIONAL SKILLS.—*

*(A) ADDITIONAL SERVICES.—Except as provided in subparagraph (B), job search, job search skills training, job clubs, and work experience provided under this part shall be accompanied by other services designed to increase the basic education or occupational skills of a participant.*

*(B) LACK OF APPROPRIATENESS AND AVAILABILITY.—Each program assisted under this part may provide job search, job search skills training, and job clubs activities to a participant without the additional services described in subparagraph (A) if—*

*(i) the assessment and service strategy of a participant indicate that the additional services are not appropriate; and*

*(ii) the activities are not available to the participant through the employment service or other public agencies.*

*(3) NEEDS-BASED PAYMENTS.—Needs-based payments provided under this part shall be limited to payments necessary for participation in the program assisted under this part in accordance with a locally developed formula or procedure.*

*(4) COUNSELING AND SUPPORTIVE SERVICES.—Counseling and supportive services provided under this part may be provided to*

*a participant for a period up to 1 year after the date on which the participant completes the program.*

*(5) Service strategy.—The service strategy developed under subsection (a)(2) shall not be considered a contract.*

*(6) Volunteers.—The service delivery area shall make opportunities available for successful individuals who have previously participated in programs under this part to volunteer assistance to participants in the form of mentoring, tutoring, and other activities.*

*(d) Training Programs for Older Individuals.—*

*(1) In general.—The Governor is authorized to provide for job training programs that are developed in conjunction with service delivery areas within the State and that are consistent with the plan for the service delivery area prepared and submitted in accordance with section 104, and designed to assure the training and placement of older individuals in employment opportunities with private business concerns.*

*(2) Agreements.—In carrying out this subsection, the Governor shall, after consultation with appropriate private industry councils and chief elected officials, enter into agreements with public agencies, nonprofit private organizations, including veterans organizations, and private business concerns.*

*(3) Considerations.—The Governor shall give consideration to assisting programs involving training for jobs in growth industries and jobs reflecting the use of new technological skills.*

*(4) Coordination.—In providing the services required by this subsection, the Governor shall make efforts to coordinate the delivery of such services with the delivery of services under title V of the Older Americans Act of 1965 (42 U.S.C. 3056 et seq.).*

*(5) Service provider selection.—In the selection of service providers to serve older individuals under this subsection, the Governor shall give priority to national, State, and local agencies and organizations that have a record of demonstrated effectiveness in providing training and employment services to such older individuals.*

*(6) Eligibility.—*

*(A) Economically disadvantaged.—Except as provided in subparagraph (B), an individual shall be eligible to participate in a job training program under this subsection only if the individual is economically disadvantaged and is age 55 or older.*

*(B) Special rule.—*

*(i) Individuals facing serious barriers to employment.—An individual who is not economically disadvantaged as described in subparagraph (A) shall be eligible to participate in a job training program under this subsection if the individual faces serious barriers to employment, is age 55 or older, and meets income eligibility requirements under title V of the Older Americans Act of 1965 (42 U.S.C. 3056 et seq.) subject to clause (ii).*

*(ii) Limitation.—Not more than 10 percent of all participants in a program assisted under this subsection shall be such individuals.*

*(7) Applicable requirements.—In the event of a conflict between the requirements of this subsection and other requirements of this part, the requirements of this subsection shall apply with respect to programs conducted under this subsection.*

### *LINKAGES*

*Sec. 205. (a) In General.—In conducting the program assisted under this part, the service delivery area shall establish appropriate linkages with other Federal programs. Such programs shall include, where feasible, programs assisted under—*

*(1) the Adult Education Act (20 U.S.C. 1201 et seq.);*

*(2) the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.);*

*(3) the Wagner-Peyser Act (29 U.S.C. 49 et seq.);*

*(4) part F of title IV of the Social Security Act (42 U.S.C. 681 et seq.);*

*(5) the employment program established under section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4));*

*(6) the National Apprenticeship Act (29 U.S.C. 50 et seq.);*

*(7) the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.);*

*(8) title V of the Older Americans Act of 1965 (42 U.S.C. 3056 et seq.);*

*(9) chapter 2 of title II of the Trade Act of 1974 (19 U.S.C. 2271 et seq.); and*

*(10) the Stewart B. McKinney Homeless Assistance Act (Public Law 100–77; 101 Stat. 482).*

*(b) Other Appropriate Linkages.—In addition to the linkages required under subsection (a), each service delivery area receiving financial assistance under this part shall establish other appropriate linkages to enhance the provision of services under this part. Such linkages may be established with local educational agencies, local service agencies, public housing agencies, community-based organizations, literacy organizations, business and labor organizations, volunteer groups working with disadvantaged adults, and other training education, employment, economic development, and social service programs.*

### *TRANSFER OF FUNDS*

*Sec. 206. A service delivery area may transfer up to 10 percent of the funds provided under this part to the programs under parts B and C if such transfer is—*

*(1) described in the job training plan; and*

*(2) approved by the Governor.*

### *STUDIES RELATING TO PLACEMENT AND TARGET POPULATIONS*

*Sec. 207. The Comptroller General of the United States shall conduct a study to determine the number and percentage of adults assisted under this part that remain employed for at least 9 months after receiving assistance under this part. The Comptroller General shall submit a report containing the findings resulting from the study to the appropriate committees of Congress not later than 3 years after the date of enactment of this section.*

## *PART B—SUMMER YOUTH EMPLOYMENT AND TRAINING PROGRAMS*

### *PURPOSE*

*SEC. 251. It is the purpose of programs assisted under this part—*

*(1) to enhance the basic educational skills of youth;*

*(2) to encourage school completion, or enrollment in supplementary or alternative school programs;*

*(3) to provide eligible youth with exposure to the world of work; and*

*(4) to enhance the citizenship skills of youth.*

### *AUTHORIZATION OF APPROPRIATIONS; ALLOTMENT AND ALLOCATION*

*SEC. 252. (a) TERRITORIAL AND NATIVE AMERICAN ALLOCATION.—From the funds appropriated under section 3(a)(2), the Secretary shall first allocate to Guam, the Virgin Islands, American Samoa, the Freely Associated States, the Republic of Palau, the Commonwealth of the Northern Mariana Islands, and entities eligible under section 401 the same percentage of funds as were available to such areas and entities for the summer youth program in the fiscal year preceding the fiscal year for which the determination is made.*

*(b) USE OF PART C FORMULA FOR ALLOTMENT AND ALLOCATION.—The remainder of funds appropriated under section 3(a)(2) shall, for each fiscal year, be allotted among States on the basis of the formula specified in section 202(a)(2)(B) and allocated among service delivery areas on the basis of the formula specified in section 202(b). For purposes of the application of the formulas under this subsection, the term "economically disadvantaged individual" means an economically disadvantaged youth, as defined in section 262(d)(1)(A).*

### *USE OF FUNDS*

*SEC. 253. (a) IN GENERAL.—Funds available under this part may be used for—*

*(1) basic and remedial education, institutional and on-the-job training, work experience programs, youth corps programs, employment counseling, occupational training, preparation for work, outreach and enrollment activities, employability assessment, job referral and placement, job search and job club activities, activities under programs described in section 265(b), and any other employment or job training activity designed to give employment to eligible individuals or prepare the individuals for, and place the individuals in, employment;*

*(2) supportive services necessary to enable such individuals to participate in the program; and*

*(3) administrative costs, not to exceed 15 percent of the funds available under this part.*

*(b) BASIC AND REMEDIAL EDUCATION.—*

*(1) IN GENERAL.—A service delivery area shall expend funds (available under this Act or otherwise available to the service delivery area) for basic and remedial education as described in the job training plan under section 104.*

*(2) EDUCATION OR TRAINING.—The education authorized by paragraph (1) may be provided by—*

*(A) the year-round program under this part;*

*(B) the Job Corps;*

*(C) the JOBS program;*

*(D) youth corps programs;*

*(E) alternative or secondary schools; or*

*(F) other education and training programs.*

*(c) Assessment.—*

*(1) In general.—Except as provided in paragraph (2), each participant under this part shall be provided with an objective assessment of the skill levels and service needs of the participant, which assessment may include a review of basic skills, occupational skills, prior work experience, employability, interests, aptitudes, and supportive service needs.*

*(2) Recent assessments.—The assessment described in paragraph (1), or a factor of such assessment is not required under a program under this part if the program uses recent assessments conducted under another education or training program (such as the JOBS program).*

*(3) Service strategy.—The service delivery area shall develop a service strategy for participants that may identify achievement objectives, appropriate employment goals, and appropriate services for participants, taking into account assessments conducted under this subsection or under such other education or training program.*

*(d) Followup Services.—Service delivery areas shall make followup services available for participants if the service strategy indicates such services are appropriate.*

### *LIMITATIONS*

*Sec. 254. (a) Use During Summer Months or Equivalent Vacation Period.—*

*(1) Summer months.—Except as provided in paragraph (2), programs under this part shall be conducted during the summer months.*

*(2) Vacation period.—A service delivery area may, within the jurisdiction of any local educational agency that operates schools on a year-round, full-time basis, offer the programs under this part to participants during a vacation period treated as the equivalent of a summer vacation.*

*(b) Eligibility.—An individual shall be eligible to participate in the program assisted under this part if such individual is economically disadvantaged and age 14 through 21.*

*(c) Concurrent Enrollment.—*

*(1) In general.—An eligible individual participating in a program assisted under this part may concurrently be enrolled in programs under part C. Appropriate adjustment to the youth performance standards (regarding attainment of competencies) under sections 106(b)(4)(A) (i) and (ii) and 106(b)(5) shall be made to reflect the limited period of participation.*

*(2) Concurrent enrollment and transfers.—Youth being served under this part or part C youth programs are not required to be terminated from participation in one program in order to enroll in the other. The Secretary shall provide guidance to service delivery areas on simplified procedures for con-*

*current enrollment and transfers for youth from one program to the other.*

### *APPLICABLE PROVISIONS*

*SEC. 255. (a) COMPARABLE FUNCTIONS OF AGENCIES AND OFFICIALS.—Private industry councils established under title I, chief elected officials, State job training coordinating councils, and governors shall have the same authority, duties, and responsibilities with respect to planning and administration of funds available under this part as the private industry councils, chief elected officials, State job training coordinating councils, and Governors have with respect to funds available under parts A and C of title II.*

*(b) PROGRAM GOALS AND OBJECTIVES.—In accordance with subsection (a), each service delivery area shall establish written program goals and objectives that shall be used for evaluating the effectiveness of programs conducted under this part. Such goals and objectives may include—*

*(1) improvement in school retention and completion;*

*(2) improvement in academic performance, including mathematics and reading comprehension;*

*(3) improvement in employability skills; and*

*(4) demonstrated coordination with other community service organizations such as local educational agencies, law enforcement agencies, and drug and alcohol abuse prevention and treatment programs.*

## *PART C—YOUTH OPPORTUNITY PROGRAM*

### *STATEMENT OF PURPOSE*

*SEC. 261. It is the purpose of the programs assisted under this part to—*

*(1) improve the long-term employability of youth;*

*(2) enhance the educational, occupational, and citizenship skills of youth;*

*(3) encourage school completion or enrollment in alternative school programs;*

*(4) increase the employment and earnings of youth;*

*(5) reduce welfare dependency; and*

*(6) assist youth in addressing problems that impair the ability of youth to make successful transitions from school to work, apprenticeship, the military, or postsecondary education and training.*

### *ALLOTMENT AND ALLOCATION*

*SEC. 262. (a) ALLOTMENT.—*

*(1) TERRITORIES.—Of the amount appropriated under section 3(a)(1) for each fiscal year and available to carry out this part, not more than one-quarter of 1 percent shall be allotted among Guam, the Virgin Islands, American Samoa, the Commonwealth of the Northern Mariana Islands, the Freely Associated States, and the Republic of Palau.*

*(2) ALLOTMENT TO STATES.—After determining the amounts to be allotted under paragraph (1), the Secretary shall allot the re-*

*mainder to the States in accordance with paragraphs (2) and (3) of section 202(a), except that for purposes of the application of the formula under this subparagraph, the term "economically disadvantaged individual" means an economically disadvantaged youth.*

*(b) Allocation to Service Delivery Areas.—Of the amounts allotted to each State under subsection (a)(2) for each fiscal year, the Governor shall allocate 82 percent on the basis of the formula specified in section 202(b) and 18 percent in accordance with subsection (c). For purposes of the application of the formula under this subsection, the term "economically disadvantaged individual" means an economically disadvantaged youth.*

*(c) State Activities.—The Governor shall allocate 18 percent of the amounts allotted to each State under subsection (a)(2) in the same proportions and for the activities, described in subparagraphs (A), (B), (C), and (D) of section 202(c)(2).*

*(d) Definitions and Rule.—*

*(1) Definitions.—As used in this section:*

*(A) Economically disadvantaged youth.—The term "economically disadvantaged youth" means an individual who is age 16 through 21 and who has, or is a member of a family that has, received a total family income that, in relation to family size, was not in excess of the higher of—*

*(i) the official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9902(2)); or*

*(ii) 70 percent of the lower living standard income level.*

*(B) Excess number.—The term "excess number" shall have the meaning given the term in section 202(d)(1)(B).*

*(2) Special rule.—For the purposes of this section, the Secretary shall, as appropriate and to the extent practicable, exclude college students and members of the Armed Forces from the determination of the number of economically disadvantaged youth and the size of the youth population in a service delivery area.*

### *ELIGIBILITY FOR SERVICES*

*Sec. 263. (a) In-School Youth.—An individual who is in school shall be eligible to participate in the program under this part if such individual is—*

*(1)(A) age 16 through 21; or*

*(B) if provided in the job training plan, age 14 through 21; and*

*(2) economically disadvantaged, or participates in a compensatory education program under chapter 1 of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 2711 et seq.).*

*(b) Targeted Groups of In-School Youth.—Not less than 70 percent of the in-school individuals who participate in a program under this part shall be individuals who, in addition to meeting the requirements of subsection (a), are included in one or more of the following categories:*

*(1) Individuals who are basic skills deficient.*

*(2) Individuals with educational attainment that is one or more grade levels below the grade level appropriate to the age of the individuals.*

*(3) Individuals who are pregnant or parenting.*

*(4) Individuals with disabilities, including a learning disability.*

*(5) Individuals exhibiting a pattern of disruptive behavior or disciplinary problems.*

*(6) Individuals who are limited-English proficient.*

*(7) Individuals who are homeless or run-away youth.*

*(8) Offenders.*

*(9) Individuals within a category established under subsection (h).*

*(c) Out-of-School Youth.—An individual who is out of school shall be eligible to participate in the program under this part if such individual is—*

*(1) age 16 through 21; and*

*(2) economically disadvantaged.*

*(d) Targeted Groups of Out-of-School Youth.—Not less than 70 percent of the out-of-school individuals who participate in a program under this part shall be individuals who, in addition to meeting the requirements of subsection (c), are included in one or more of the following categories:*

*(1) Individuals who are basic skills deficient.*

*(2) Individuals who are school dropouts (subject to the conditions described in section 264(d)(2)).*

*(3) Individuals who are pregnant or parenting.*

*(4) Individuals with disabilities, including a learning disability.*

*(5) Homeless or run-away youth.*

*(6) Offenders.*

*(7) Individuals who are limited-English proficient.*

*(8) Individuals in a category established under subsection (h).*

*(e) Exceptions.—Not more than 10 percent of participants in the program assisted under this part in each service delivery area shall be individuals who do not meet the requirements of subsection (a)(2) or (c)(2), if such individuals are within one or more categories of individuals who face serious barriers to employment. Such categories may include the categories described in subsections (b) and (d), or categories such as individuals with limited-English language proficiency, alcoholics, or drug addicts.*

*(f) Ratio of Out-of-School to In-School Youth.—Not less than 50 percent of the participants in the program under this part in each service delivery area shall be out-of-school individuals who meet the requirements of subsection (c), (d), or (e).*

*(g) Schoolwide Projects for Low-Income Schools.—*

*(1) In general.—In addition to the individuals described in subsection (e), an individual who does not meet the requirements of subsection (a)(2) may participate in the programs assisted under this part if such individual is enrolled in a public school—*

*(A) that is located in a poverty area;*

*(B) that is served by a local educational agency that is eligible for assistance under chapter 1 of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 2711 et seq.);*

*(C) in which not less than 75 percent of the students enrolled are included in the categories described in subsection (b); and*

*(D) that conducts a program under a cooperative arrangement that meets the requirements of section 265(d).*

*(2) DEFINITION.—For the purposes of paragraph (1), the term "poverty area" means an urban census tract or a nonmetropolitan county with a poverty rate of 30 percent or more, as determined by the Bureau of the Census.*

*(h) ADDITIONAL CATEGORY.—A service delivery area conducting a program assisted under this part may add one category of youth who face serious barriers to employment to the categories of eligible individuals specified in subsection (b) and one category to the categories of eligible individuals described in subsection (d) if—*

*(1) the service delivery area submits a request to the Governor identifying the additional category of individuals and justifying the inclusion of such category;*

*(2) the Governor approves the request submitted under paragraph (1) and transmits the request to the Secretary, as part of the Governor's coordination and special services plan; and*

*(3) the Secretary approves the request submitted under paragraph (2).*

### *PROGRAM DESIGN*

*SEC. 264. (a) YEAR-ROUND OPERATION.—The programs under this part shall be conducted on a year-round basis.*

*(b) ESSENTIAL ELEMENTS.—*

*(1) IN GENERAL.—The programs under this part shall include—*

*(A) an objective assessment of the skill levels and service needs of each participant, which assessment shall include a review of basic skills, occupational skills, prior work experience, employability, interests, aptitudes (including interests and aptitudes for nontraditional jobs), and supportive service needs, except that a new assessment of a participant is not required if the program determines it is appropriate to use a recent assessment of the participant conducted under another education or training program (such as the JOBS program);*

*(B) development of service strategies that shall identify achievement objectives, appropriate employment goals (including, in appropriate circumstances, nontraditional employment) and appropriate services for participants, taking into account the assessments conducted under paragraph (1), except that a new service strategy is not required if the program determines it is appropriate to use a recent service strategy developed for the participant under another education or training program (such as the JOBS program);*

*(C) a review of the progress of each participant in meeting the objectives of the service strategy; and*

*(D) the following services, which shall be provided either directly or through arrangement with other programs to a participant if the assessment and service strategy indicate such services are appropriate:*

*(i) Basic skills training.*

*(ii) Occupational skills training.*

*(iii) Preemployment and work maturity skills training.*

*(iv) Work experience combined with skills training.*

*(v) Supportive services.*

*(2) ADDITIONAL REQUIREMENTS.—*

*(A) MINIMUM INCOME PARTICIPANTS AND APPLICANTS.—Each service delivery area participating in a program assisted under this part shall ensure that each participant or applicant who meets the minimum income eligibility criteria shall be provided—*

*(i) information on the full array of applicable or appropriate services that are available through the service delivery area or other service providers, including providers receiving funds under this Act; and*

*(ii) referral to other appropriate training and educational programs that have the capacity to serve the participant or applicant either on a sequential or concurrent basis.*

*(B) APPLICANTS NOT MEETING ENROLLMENT REQUIREMENTS.—*

*(i) SERVICE PROVIDERS.—Each service provider shall ensure that an eligible applicant who does not meet the enrollment requirements of the particular program of the provider shall be referred to the service delivery area for further assessment, as necessary, and referred to appropriate programs to meet the basic skills and training needs of the applicant.*

*(ii) SERVICE DELIVERY AREA.—The service delivery area shall ensure that appropriate referrals are made under clause (i) and shall maintain records on the referrals and the reasons for which applicants are referred.*

*(c) AUTHORIZED SERVICES.—Services which may be made available to youth with funds provided under this part may include—*

*(1) direct training services, including—*

*(A) the services described in section 204(b)(1);*

*(B) tutoring and study skills training;*

*(C) alternative high school services within programs that meet the requirements of section 141(o)(1);*

*(D) instruction leading to high school completion or the equivalent;*

*(E) mentoring;*

*(F) limited internships in the private sector;*

*(G) training or education that is combined with community and youth service opportunities in public agencies, non-*

*profit agencies, and other appropriate agencies, institutions, and organizations, including youth corps programs;*

*(H) entry employment experience programs;*

*(I) school-to-work transition services;*

*(J) school-to-postsecondary education transition services; and*

*(K) school-to-apprenticeship transition services; and*

*(2) training-related and supportive services, including—*

*(A) the services described in section 204(b)(2);*

*(B) drug and alcohol abuse counseling and referral;*

*(C) services encouraging parental, spousal, and other significant adult involvement in the program of the participant; and*

*(D) cash incentives and bonuses based on attendance and performance in a program.*

*(d) ADDITIONAL REQUIREMENTS.—*

*(1) STRATEGIES AND SERVICES.—In developing service strategies and designing services for the program under this part, the service delivery area and private industry council shall take into consideration exemplary program strategies and practices.*

*(2) SCHOOL DROPOUTS.—In order to participate in a program assisted under this part, an individual who is under the age of 18 and a school dropout shall—*

*(A) reenroll in and attend school;*

*(B) enroll in and attend an alternative high school;*

*(C) enroll in and attend an alternative course of study approved by the local educational agency; or*

*(D) enroll in and attend a high school equivalency program.*

*(3) SKILLS TRAINING.—*

*(A) PREEMPLOYMENT AND WORK MATURITY SKILLS TRAINING.—Preemployment and work maturity skills training authorized by this part shall be accompanied be either work experience or other additional services designed to increase the basic educational or occupational skills of a participant. The additional services may be provided, sequentially or concurrently, under other education and training programs, including the Job Corps and the JOBS program.*

*(B) ADDITIONAL SERVICES.—Work experience, job search assistance, job search skills training, and job club activities authorized by this part shall be accompanied by additional services designed to increase the basic education or occupational skills of a participant. The additional services may be provided, sequentially or concurrently, under other education and training programs, including the Job Corps and the JOBS program.*

*(4) NEEDS-BASED PAYMENTS.—Needs-based payments authorized under this part shall be limited to payments necessary to permit participation in the program in accordance with a locally developed formula or procedure.*

*(5) COUNSELING AND SUPPORTIVE SERVICES.—Counseling and supporting services authorized under this part may be provided to a participant for a period of up to 1 year after termination from the program.*

*(6) NONCONTRACT TREATMENT.—The service strategy developed under subsection (b)(1)(B) shall not be considered a contract.*

*(7) VOLUNTEERS.—The service delivery area shall make opportunities available for successful individuals who have previously participated in programs under this part to volunteer assistance to participants in the form of mentoring, tutoring, and other activities.*

### *LINKAGES*

*SEC. 265. (a) EDUCATIONAL LINKAGES.—In conducting a program under this part, service delivery areas shall establish linkages with the appropriate educational agencies responsible for service to participants. Such linkages shall include—*

*(1) formal agreements with local educational agencies that will identify—*

*(A) the procedures for referring and serving in-school youth;*

*(B) the methods of assessment of in-school youth; and*

*(C) procedures for notifying the program when a youth drops out of the school system;*

*(2) arrangements to ensure that the program under this part supplements existing programs provided by local educational agencies to in-school youth;*

*(3) arrangements to ensure that the program under this part utilizes, to the extent possible, existing services provided by local educational agencies to out-of-school youth; and*

*(4) arrangements to ensure that for in-school participants there is a regular exchange of information between the program and the educational agency relating to participant progress, problems, and needs, including, in appropriate circumstances, interim assessment results.*

*(b) EDUCATION AND TRAINING PROGRAM LINKAGES.—In conducting the program under this part, the service delivery area shall establish appropriate linkages with other education and training programs authorized under Federal law. Such programs shall include, where feasible, programs authorized by—*

*(1) part B of title IV (the Job Corps);*

*(2) parts A through D of chapter 1 of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 2711 et seq.);*

*(3) the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.);*

*(4) the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.);*

*(5) the Wagner-Peyser Act (29 U.S.C. 49 et seq.);*

*(6) part F of title IV of the Social Security Act (JOBS) (42 U.S.C. 681 et seq.);*

*(7) the Food Stamp Act (7 U.S.C. 2011 et seq.);*

*(8) the National Apprenticeship Act (29 U.S.C. 50 et seq.);*

*(9) the Stewart B. McKinney Homeless Assistance Act (Public Law 100-77; 101 Stat. 482); and*

*(10) the National and Community Service Act of 1990 (42 U.S.C. 12401 et seq.); and*

*(11) this Act.*

*(c) Other Programs.—In addition to the linkages required under subsections (a) and (b), service delivery areas receiving financial assistance under this part shall establish other appropriate linkages to enhance the provision of services under this part. Such linkages may be established with State and local service agencies, public housing agencies, community-based organizations, business and labor organizations, volunteer groups working with at-risk youth, parents and family members, juvenile justice systems, and other training, education, employment and social service programs, including programs conducted under part A of title II.*

*(d) Schoolwide Projects for Low-Income Schools.—In conducting a program serving individuals specified in section 263(g), the service delivery area shall establish a cooperative arrangement with the appropriate local educational agency that shall, in addition to the other requirements of this section, include—*

*(1) a description of the ways in which the program will supplement the educational program of the school;*

*(2) identification of measurable goals to be achieved by the program and provision for assessing the extent to which such goals are met;*

*(3) a description of the ways in which the program will use resources provided under this part and resources provided under other education programs to achieve the goals identified in paragraph (2);*

*(4) a description of the number of individuals to be served; and*

*(5) assurances that the resources provided under this part shall be used to supplement and not supplant existing sources of funds.*

### *TRANSFER OF FUNDS*

*Sec. 266. A service delivery area may transfer up to 10 percent of the funds provided under this part to the program under part A if such transfer is—*

*(1) described in the job training plan; and*

*(2) approved by the Governor.*

* * * * * * *

### ALLOTMENT

Sec. 302. (a) Allotment of Funds.—From the funds appropriated pursuant to section [3(c)] *3(b)* for any fiscal year, the Secretary shall—

* * * * * * *

(e) Reservation for the Territories.—Not more than 0.3 percent of the amounts appropriated pursuant to section [3(c)] *3(b)* and available under subsection (a)(2) of this section for any fiscal year shall be allocated among the Commonwealth of the Northern Mariana Islands and the other territories and possessions of the United States.

* * * * * * *

### CLEAN AIR EMPLOYMENT TRANSITION ASSISTANCE

SEC. 326. (a) DETERMINATION OF ELIGIBILITY.—

*       *       *       *       *       *       *

(h) AUTHORIZATION OF APPROPRIATIONS.—In addition to amounts authorized to be appropriated by section [3(c)] *3(b)* of this Act, there are authorized to be appropriated $50,000,000 for fiscal year 1991, and such sums as may be necessary for each of fiscal years 1992, 1993, 1994, and 1995 to carry out this section. The total amount appropriated for all 5 such fiscal years shall not exceed $250,000,000. Amounts appropriated pursuant to this subsection shall remain available until expended.

*       *       *       *       *       *       *

## PART A—STATE DELIVERY OF SERVICES

### STATE PLAN

SEC. 311. (a) STATE PLAN REQUIRED.—In order to receive an allotment of funds under section 302(b), the Governor of a State shall submit to the Secretary, on a biennial basis, a State plan describing in detail the programs and activities that will be assisted with funds provided under this title. The State plan shall be submitted on or before the first day of May immediately preceding the program year for which funds are first to be made available under this title. Such plan shall include incentives to provide training of greater duration for those who require it, consistent with section [106(g)] *106(c)*.

(b) CONTENTS OF PLAN.—Each State plan shall contain provisions demonstrating to the satisfaction of the Secretary that the State will comply with the requirements of this title and that—

(1) * * *

*       *       *       *       *       *       *

(8) the State will not prescribe any standard for the operation of programs under this part that is inconsistent with section [106(g)] *106(c)*;

*       *       *       *       *       *       *

### FEDERAL DELIVERY OF DISLOCATED WORKER SERVICES

SEC. 322. (a) GENERAL AUTHORITY.—The Secretary shall, with respect to programs required by this title—

(1) * * *

*       *       *       *       *       *       *

(4) monitor performance and expenditures and annually certify compliance with standards prescribed by the Secretary under section [106(g)] *106(c)*;

### USE OF FUNDS: SERVICES TO BE PROVIDED

SEC. 314. (a) * * *

*       *       *       *       *       *       *

(f) COORDINATION WITH UNEMPLOYMENT COMPENSATION.—*(1)* Funds allocated to a State under section 302 may be used for coordination of worker readjustment programs and the unemployment compensation system, consistent with the limitation on administrative expenses in section 315. Each State shall be responsible for coordinating the unemployment compensation system and worker readjustment programs within such State.

*(2) An eligible dislocated worker participating in training (except for on-the-job training) under this title shall be deemed to be in training with the approval of the State agency for purposes of section 3304(a)(8) of the Internal Revenue Code of 1986.*

* * * * * * *

LIMITATIONS ON USES OF FUNDS

SEC. 315. (a) USE OF FUNDS FOR RETRAINING SERVICES.—(1) [Not] *Except for funds expended under section 326, not* less than 50 percent of the funds expended under this title by any substate grantee shall be expended for retraining services specified under section 314(d).

* * * * * * *

(b) NEEDS-RELATED PAYMENTS AND SUPPORTIVE SERVICES LIMITATION.—[Not] *Except for funds expended under section 326, not* more than 25 percent of the funds expended under this title by any substate grantee or by the Governor may be used to provide needs-related payments and other supportive services.

(c) ADMINISTRATIVE COST LIMITATION.—[Not] *Except for funds expended under section 326, not* more than 15 percent of the funds expended under this title by any substate grantee or by the Governor may be expended to cover the administrative cost of programs under this title. For purposes of this subsection, administrative cost does not include the cost of activities under section 314(b).

* * * * * * *

DEMONSTRATION PROGRAMS

SEC. 324. (a) AUTHORIZED PROGRAMS.—From the amount reserved for this part under section 302(a)(2) for this fiscal year [1989, 1990, and 1991,] *1991 through 1996,* not less than 10 percent of such amount shall be used for demonstration programs. Such demonstration programs may be up to three years in length, and shall include (but need not be limited to) at least two of the following demonstration programs:

* * * * * * *

## TITLE IV—FEDERALLY ADMINISTERED PROGRAMS

### PART A—EMPLOYMENT AND TRAINING PROGRAMS FOR NATIVE AMERICANS AND MIGRANT AND SEASONAL FARMWORKERS

NATIVE AMERICAN PROGRAMS

SEC. 401. (A) The Congress finds that (1) serious unemployment and economic disadvantages exist among members of Indian, [Alaskan Native,] *Alaska Native, American Samoan,* and Hawaiian Native communities; (2) there is a compelling need for the establishment of comprehensive training and employment programs for members of those communities; and (3) such programs are essential to the reduction of economic disadvantages among individual members of those communities and to the advancement of economic and social development in the communities consistent with their goals and lifestyles.

(b) The Congress therefore declares that, because of the special relationship between the Federal Government and most of the individuals to be served by the provisions of this section, (1) such programs shall be administered at the national level; (2) such programs shall be available to federally recognized Indian tribes, bands, [and groups and] *and groups,* to other groups and individuals of Native American descent, *and to American Samoans residing in the United States*; and (3) such programs shall be administered in such a manner as to maximize the Federal commitment to support growth and development as determined by representatives of the communities and groups served by this section.

(c)(1)(A) * * *

* * * * * * *

(B) The Secretary shall arrange for programs to meet the employment and training needs of Hawaiian [natives] *Natives and American Samoans residing in the United States* through such organizations *and State agencies* as the Secretary determines will best meet [their needs] *the needs of the Hawaiian Natives and American Samoans.*

* * * * * * *

(e)*(1)* The Secretary is directed to take appropriate action to establish administrative procedures and machinery (including personnel having particular competence in this field) for the selection, administration, monitoring, and evaluation of Native American *and American Samoan* employment and training programs authorized under this Act.

*(2) Such procedures and machinery shall include—*

*(A) the designation by the Secretary of a single organizational unit that shall have the principal responsibility for the development, coordination, and oversight of all policies (except audit, procurement and debt collection policies) under which the Secretary regulates or influences the operation of Native American Indian programs under this section; and*

*(B) a special effort to recruit Indians, Alaska Natives, American Samoans, and Hawaiian Natives for employment in the organizational unit identified in subparagraph (A).*

* * * * * * *

(h)(1) The Secretary shall, after consultation with [representatives of Indians and other Native Americans] *the Advisory Council on Native American Indian Job Training Programs,* prescribe such rules, regulations, and performance standards relating to Native American *Indian and American Samoan* programs under this section as may be required to meet the special circumstances under which such program operate.

* * * * * * *

*(3)(A) The Secretary shall establish an Advisory Council on Native American Indian Job Training Programs (referred to in this section as the "Council", which shall consist of not fewer than 15 Native American Indians, Alaska Natives, American Samoans, or Hawaiian Natives appointed by the Secretary from among individuals nominated by Native American Indian tribes or Native American Indian, Alaska Native, American Samoan, or Hawaiian Native organizations. The membership of the Council shall represent diverse goegraphic areas and include respresentatives of tribal governments and of nonreservation Native American Indian organizations.*

*(B) Each Council member may serve for a term of 2 years, and may be reappointed.*

*(C) The Council shall be chaired by a Native American Indian, Alaska Native, or Hawaiian Native Council member elected by a majority of the membership of the Council and shall meet not less than twice each program year.*

*(D) The Council shall—*

*(i) solicit the views of a wide variety of tribes and Native American Indian and American Samoan groups, including groups operating employment and training programs funded under this section, on issues affecting the operation and administration of such programs;*

*(ii) advise the Secretary with respect to all matters concerning the implementation of programs under this section and other programs providing services to Native American Indian youth and adults under this Act;*

*(iii) advise the Secretary with respect to the design of all aspects of the system of performance standards developed under this seciton;*

*(iv) advise the Secretary with respect to services obtained by the Department of Labor through contracts or arrangements with non-Federal agencies or entities, which services involve the provision of technical assistance to, or evaluation of, the programs authorized by this section;*

*(v) assess the effectiveness of Native American Indian job training programs and make recommendations with respect to the improvement of such programs;*

*(vi) advise the Secretary with regard to the recruitment of, identification of, and selection criteria for, candidates for the position of chief of the organizational unit described in subsection (e)(2)(A) whenever a vacancy in such position occurs; and*

*(vii) submit a report to the Congress not later than January 1 of each year on the progress of Native American Indian job training programs and recommendations for improving the effectiveness of the programs.*

*(E) From amounts appropriated to carry out this section, the Secretary shall make available to the Council such sums as may be necessary to carry out the functions of the Council.*

* * * * * * *

[(j) For the purpose of carrying out this section, the Secretary shall reserve, from funds available for this title (other than part B) for any fiscal year, an amount equal to 3.3 percent of the amount available for part A of title II of this Act for such fiscal year.]

*(j) For the purposes of carrying out this section, the Secretary shall reserve, from funds available for carrying out this title (other than part B) for fiscal year, an amount not less than 3.5 percent of the amount of funds appropriated to carry out parts A and C of title II of this Act for such fiscal year.*

*(k) The competition for grants under this section shall be conducted every 2 years, except that if a grantee has performed satisfactorily under the terms of an existing grant agreement, the Secretary may waive the requirement for such competition on receipt from the grantee of a satisfactory 2-year program plan for the succeeding 2-year grant period.*

* * * * * * *

## MIGRANT AND SEASONAL FARMWORKER PROGRAMS

SEC. 402. (a) The Congress finds and declares that—

* * * * * * *

[(f) For the purpose of carrying out this section, the Secretary shall reserve, from funds available for this title (other than part B) for any fiscal year, an amount equal to 3.2 percent of the amount available for part A of title II of this Act for such fiscal year.]

*(f) For the purposes of carrying out this section, the Secretary shall reserve, from funds available for carrying out this title (other than part B) for any fiscal year, an amount not less than 3.2 percent of the total amount of funds appropriated to carry out parts A and C of title II of this Act for such fiscal year.*

*(g) The competition for grants under this section shall be conducted every 2 years, except that if a grantee has performed satisfactorily under the terms of an existing grant agreement, the Secretary may waive the requirement for such competition on receipt from the grantee of a satisfactory 2-year program plan for the succeeding 2-year grant period.*

* * * * * * *

## INDIVIDUALS ELIGIBLE FOR THE JOB CORPS

SEC. 423. To become an enrollee in the Job Corps, a young man or woman must be an eligible youth who—

(1) has attained age 14 but not attained age 22 at the time of enrollment, except that such maximum age limitation may be waived, in accordance with regulations of the Secretary, in the case of any [handicapped individual] *individual with a disability*;

* * * * * * *

## JOB CORPS CENTERS

SEC. 427. (a)(1) * * *

* * * * * * *

(2) In any year, not more than [10 percent] *20 percent* of the individuals enrolled in the Job Corps may be nonresidential participants. *The Secretary shall not reduce the number of residential participants in Job Corps programs under this part during any program year below the number of residential participants during program year 1989 in order to increase the number of individuals who are nonresidential participants in the Job Corps.*

* * * * * * *

### EXPERIMENTAL AND DEVELOPMENTAL PROJECTS AND COORINATION WITH OTHER PROGRAMS

SEC. 433. (a)(1) * * *

* * * * * * *

(c)(1) The Secretary, through the Job Corps and activities authorized under sections [452 and 455] *451 through 454*, shall develop and implement activities designed to disseminate information gained from Job Corps program experience which may be of use in the innovation and improvement of related programs. To carry out this purpose, the Secretary may enter into appropriate arrangements with any Federal or State agency.

* * * * * * *

### SPECIAL PROVISIONS

SEC. 437. (a) * * *

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*(d) The Secretary shall provide all Job Corps contractors with an equitable and negotiated management fee of not less than 1 percent of the contract amount.*

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## PART D—NATIONAL ACTIVITIES

### [MULTISTATE PROGRAMS

[SEC. 451. (a) Funds available to carry out this section shall be used for job training programs or services (as authorized under any other provision of this Act) which are most appropriately administered at the national level and which are operated in more than one State.

[(b) Programs which are most appropriately administered at the national level include programs such as—

[(1) programs addressed to industry-wide skill shortages;

[(2) programs designed to train workers for employment opportunities located in another State;

[(3) regional or nationwide efforts to develop a labor force with skills that promote the use of renewable energy technologies, energy conservation, and the weatherization of homes occupied by low-income families;

[(4) programs designed to develop information networks among local programs with similar objectives under this Act; and

[(5) programs which require technical expertise available at the national level and which serve specialized needs of particular client groups, including offenders, individuals of limited English language proficiency, handicapped individuals, women, single parents, displaced homemakers, youth, older workers, individuals who lack education credentials, public assistance recipients, and other individuals whom the Secretary determines require special assistance.

### [RESEARCH AND DEMONSTRATION

[SEC. 452. (a) To assist the Nation in expanding work opportunities and assuring access to those opportunities for all who desire it, the Secretary shall establish a comprehensive program of employment and training research, utilizing the methods, techniques, and knowledge of the behavioral and social sciences and such other methods, techniques, and knowledge as will aid in the solution of the Nation's employment and training problems. The program under this section may include studies concerning the development or improvement of Federal, State, local and privately supported employment and training programs; labor market processes and outcomes; policies and programs to reduce unemployment and the relationships thereof with price stability and other national goals; productivity of labor; improved means of forecasting and using forecasts of labor supply and demand at the national and subnational levels; methods of improving that wages and employment opportunities of low-skilled and disadvantaged workers; measuring and developing policies to eliminate worker shortages; and easing the transition from school to work, from transfer payment receipt to self-sufficiency, from one job to another, and from work to retirement.

[(b) The Secretary shall establish a program of experimental, developmental, and demonstration projects, through grants or contracts, for the purpose of improving techniques and demonstrating the effectiveness of specialized methods in meeting employment and training problems. Research activities may include studies, experiments, demonstrations, and pilot projects in such areas as easing the transition from school to work, assessing the changing demographics of the American work-force and addressing the short-term and long-term impact of the changes, increasing employment of skilled workers critical to defense readiness, and, subject to the last sentence of this subsection, projects developed in conjunction with the Secretary of Defense to meet civilian manpower needs on military installations and in the private sector, and eliminating artificial barriers to employment. The Secretary may pay not to exceed 60 percent of the costs of projects developed in conjunction with the Secretary of Defense described in the preceding sentence, and the contributions of the Department of Defense may be in cash or in kind, fairly evaluated, including plant, equipment, or services.

### [PILOT PROJECTS

[SEC. 453. (a)(1) From funds made available under this part, the Secretary may provide financial assistance for pilot projects which meet the employment-related needs of persons including the handicapped and displaced homemakers who face particular disadvantages in specific and general labor markets or occupations and other persons whom the Secretary determines required special assistance, and projects designed to address skill shortages that affect other critical national objectives, including national security.

[(2) From funds made available under this part, the Secretary may provide financial assistance for pilot projects for the training of individuals who are threatened with loss of their jobs due to technological changes, international economic policies or, general economic conditions.

[(b) Each pilot project assisted under this section shall be designed to assist in eliminating artifical and other employment barriers faced by such persons.

[(c) No project under this section shall be financially assisted for more than three years under this Act.

[(d) In selecting recipients under this section, the Secretary shall give special reconsideration to applications submitted by community-based organizations of demonstrated effectiveness, as well as to labor unions, and trade associations and their affiliates that address nationwide concerns through programs operating in more than one State.]

### *NATIONAL PARTNERSHIP AND SPECIAL TRAINING PROGRAMS*

*SEC 451. (a) STATEMENT OF PURPOSE.—It is the purpose of this section to—*

*(1) improve access to employment and training opportunities for individuals with special needs;*

*(2) help alleviate skill shortages and enhance the competitiveness of the labor force;*

*(3) meet special training needs that are best addressed on a multistate or industry-wide basis; and*

*(4) encourage the participation and support of all segments of society to further the purposes of this Act.*

*(b) PROGRAM AUTHORIZED.—The Secretary may establish a system of, and ward, special grants to eligible entities to carry out programs that are most appropriately administered at the national level.*

*(c) PROGRAMS.—Programs that are most appropriately administered at the national level include—*

*(1) partnership programs with national organizations with special expertise in developing, organizing and administering employment and training programs at the national, State and local level, such as industry and labor associations, public interest groups, community-based organizations representative of groups that encounter special difficulties in the labor market, and other organizations with special knowlege or capabilities in education and training;*

*(2) programs that—*

*(A) address industry-wide skill shortages;*

*(B) meet training needs that are best addressed on a multistate basis; and*

*(C) further the goals of increasing the competitiveness of the United States Labor force; and*

*(3) programs that require technical expertise available at the national level to serve specialized needs of particular client groups, including at-risk youth, offenders, individuals of limited English language proficiency, individuals with disabilities, women, immigrants, single parents, substance abusers, displaced homemakers, youth, older workers, veterans, individuals who lack education credentials, public assistance recipients, and other individuals whom the Secretary determines require special assistance.*

### *RESEARCH, DEMONSTRATION, AND EVALUATION*

*SEC. 452 (a) STATEMENT OF PURPOSE.—It is the purpose of this section to assist the United States in expanding work opportunities and ensuring access to such opportunities for all who desire such opportunities.*

*(b) PROGRAM ESTABLISHED.—*

*(1) IN GENERAL.—The Secretary shall establish a comprehensive program of training and employment research, utilizing the methods, techniques, and knowledge of the behavioral and social sciences and such other methods, techniques, and knowledge as will aid in the solution of the employment and training problems of the United States.*

*(2) STUDIES.—The program established under this section may include studies concerning—*

*(A) the development or improvement of Federal, State, local, and privately supported employment and training programs;*

*(B) labor market processes and outcomes, including improving workplace literacy;*

*(C) policies and programs to reduce unemployment and the relationships of the policies and programs with price stability and other national goals;*

*(D) productivity of labor;*

*(E) improved means of using projections of labor supply and demand, including occupational and skill requirements and areas of labor shortages at the national and subnational levels;*

*(F) methods of improving the wages and employment opportunities of low-skilled, disadvantaged, and dislocated workers, and workers with obsolete skills;*

*(G) methods of addressing the needs of at-risk populations, such as youth, homeless individuals and other dependent populations, older workers, and other groups with multiple barriers to employment;*

*(H) methods of developing information on immigration, international trade and competition, technological change and labor shortages; and*

*(I) methods of easing the transition from school to work, from transfer payment receipt to self-sufficiency, from one job to another, and from work to retirement.*

*(c) PILOT AND DEMONSTRATION PROGRAMS.—*

*(1) PROGRAM ESTABLISHED.—*

*(A) IN GENERAL.—The Secretary shall establish a program of pilot and demonstration programs for the purpose of developing and improving techniques and demonstrating the effectiveness of specialized methods in meeting employment and training problems. The Secretary may award grants and enter into contracts with eligible entities to carry out the programs.*

*(B) PROJECTS.—Such programs may include projects in such areas as—*

*(i) school-to-work transition;*

*(ii) new methods of imparting literacy skills and basic education;*

*(iii) new training techniques (including projects undertaken with the private sector);*

*(iv) methods to eliminate artifical barriers to employment;*

*(v) approaches that foster participation of groups that encounter special problems in the labor market (such as displaced homemakers, teen parents, welfare recipients, and older individuals);*

*(vi) processes that demonstrate effective methods for alleviating the adverse effects of dislocations and plant closings on workers and their communities; and*

*(vii) cooperative ventures among business, industry, labor, trade associations, or national organizations to develop new and cost-effective approaches to improving work force literacy.*

*(2) DEMONSTRATION PROGRAMS.—Demonstration programs assisted under this subsection shall include a formal, rigorous evaluation component.*

*(3) SPECIAL RULE.—No pilot program under this subsection shall be assisted under this section for a period of more than 3 years.*

*(d) EVALUATION.—*

*(1) IN GENERAL.—*

*(A) PROGRAMS.—*

*(i) JOB TRAINING PROGRAMS.—The Secretary shall provide for the continuing evaluation of programs conducted under this Act, including the cost effectiveness of the program in achieving the purposes of this Act.*

*(ii) OTHER PROGRAMS.—The Secretary may conduct evaluations of other federally funded employment-related activities including programs administered under—*

*(I) the Wagner-Peyser Act (29 U.S.C. 49 et seq.);*

*(II) the National Apprenticeship Act (29 U.S.C. 50 et seq.);*

*(III) the Older Americans Act of 1965 (42 U.S.C. 3001 et seq.);*

*(IV) chapter 2 of title II of the Trade Act of 1974 (19 U.S.C. 2271 et seq.); and*

*(V) the Unemployment Insurance program under the Social Security Act.*

*(B) TECHNIQUES.—*

*(i) METHODS.—Evaluations conducted under subparagraph (A) shall utilize sound statistical methods and techniques of the behavioral and social sciences, including random assignment methodologies if feasible.*

*(ii) ANALYSIS.—Such evaluations may include cost-benefit analysis of programs, the impact of the programs on community and participants, the extent to which programs meet the needs of various demographic groups, and the effectiveness of the delivery systems used by various programs.*

*(iii) EFFECTIVENESS.—The Secretary shall evaluate the effectiveness of programs authorized under this Act with respect to—*

*(I) the statutory goals;*

*(II) the performance standards established by the Secretary; and*

*(III) the extent to which such programs enhance the employment and earnings of participants, reduce income support costs, and improve the employment competencies of participants in comparison to comparable persons who did not participate in such programs, and to the extent feasible, increase the level of total employment over the level that would have existed in the absence of such programs.*

*(2) ADDITIONAL EVALUATION.—The Secretary shall evaluate the impact of title II programs on participant employment, earnings, and welfare dependency in multiple sites using the random assignment of individuals to—*

*(A) groups receiving services under programs authorized under the Job Training and Basic Skills Act of 1992; or*

*(B) groups not receiving such services.*

### *TRAINING AND INFORMATION PROGRAMS*

*SEC. 453. (a) STAFF TRAINING.—The Secretary, directly or through grants, contracts, or other arrangements, shall—*

*(1) develop curricula and provide appropriate training, technical assistance, staff development and other activities at the national, regional, State, and local levels that will—*

*(A) enhance the skills, knowledge, and expertise of the personnel who staff employment and training and other closely related human service systems, including service providers;*

*(B) improve the quality of services provided to individuals under this Act and other Federal employment and training programs and encourage integrated service delivery;*

*(C) improve the planning, procurement, and contracting practices in accordance with this Act; and*

*(D) provide broad human services policy and planning training to private industry council volunteers and members of State human investment coordinating councils;*

*(2) prepare and disseminate training curricula and materials for employment and training professional and support staff, which curricula and materials focus on enhancing staff competencies and professionalism, including instruction on the administrative requirements of this Act, such as procurement and contracting standards and regualtions; and*

*(3) disseminate innovative and successful models, materials, methods, and program information and provide training in the techniques learned from the sources to foster improved program quality and professional growth among managers, service delivery providers, and administrators, involved in the delivery of employment and training services.*

*(b) CLEARINGHOUSE.—The Secretary is authorized to establish a clearinghouse to—*

*(1) regularly identify, develop, and disseminate innovative materials that enhance the knowledge and quality of performance of employment and training personnel;*

*(2) facilitate effective communications and coordination among employment and training personnel;*

*(3) establish a computer communications network to share information among employment and training personnel and institutions; and*

*(4) establish linkages with existing human resources clearinghouses, including the Education Research Informatin Centers and the National Network for Curriculum Coordination in Vocational and Technical Educaiton.*

*(c) CONSULTATION.—The Secretary shall consult with the Secretaries of Education and Health and Human Services, as appropriate, to coordinate activities under this section with other relevant institutes, centers, laboratories, clearinghouses, or dissemination networks.*

### [EVALUATION

[SEC. 454. (a) The Secretary shall provide for the continuing evaluation of all programs, activities, and research and demonstration projects conducted pursuant to this Act, including their cost-effectiveness in achieving the purposes of this Act, their impact on communities and participants, their implication for related programs, the extent to which they meet the needs of persons by age, sex, race, and national origin, and the adequacy of the mechanism for the delivery of services.

[(b) The Secretary shall evaluate the effectiveness of programs authorized under this Act and part C of title IV of the Social Security Act with respect to the statutory goals, the performance standards established by the Secretary, and of increases in employment and earnings for participants, reduced income support costs, increased tax revenues, duration in training and employment situations, information on the post-enrollment labor market experience of program participants for at least a year following their termination from such programs, and comparable information on other employees or trainees or participating employers.

### [TRAINING AND TECHNICAL ASSISTANCE

[SEC. 455. (a) The Secretary, in consultation with appropriate officials, shall provide directly or through grants, contracts, or other arrangements, appropriate preservice and inservice training for specialized, supportive, supervisory, or other personnel, including job skills teachers, and appropriate technical assistance (including technical assistance to training programs for housing for migrant and seasonal farmworkers) with respect to programs under this Act, including the development and attainment of performance goals. Such activities may include the utilization of training and technical assistance capabilities which exist at the State and service delivery area level.

[(b) The Secretary shall establish a national clearinghouse to disseminate materials and information gained from exemplary program experience which may be of use in the innovation or improvement of other programs conducted pursuant to this Act.

### [PROJECTS FOR SPECIAL POPULATIONS

[SEC. 456. In carrying out this part, the Secretary shall include projects designed to serve populations with multiple barriers to employment, such as individuals listed in section 203(a)(2) and individuals not otherwise targeted for assistance under this Act, with special consideration for displaced homemakers and the handicapped.]

### [DEMONSTRATION PROGRAMS] *NONTRADITIONAL EMPLOYMENT DEMONSTRATION PROGRAM*

SEC. [457] *454*. (a)(1) From funds available under this part for each of the fiscal years 1992, 1993, 1994, and 1995, the Secretary shall use $1,500,000 in each such fiscal year to make grants to States to develop demonstration and exemplary programs to train and place women in non-traditional employment.

(2) The Secretary may award no more than 6 grants in each fiscal year.

(b) In awarding grants pursuant to subsection (a), the Secretary shall consider—

(1) the level of coordination between the Job Training Partnership Act and other resources available for training women in nontraditional employment;

(2) the extent of private sector involvement in the develoment and implementation of training programs under the Job Training Partnership Act;

(3) the extent to which the initiatives proposed by a State supplement or build upon existing efforts in a State to train and place women in nontraditional employment;

(4) whether the proposed grant amount is sufficient to accomplish measurable goals;

(5) the extent to which a State is prepared to disseminate information on its demonstration training programs; and

(6) the extent to which a State is prepared to produce materials that allow for replication of such State's demonstration training programs.

(c)(1) Each State receiving financial assistance pursuant to this section may use such funds to—

(A) award grants to service providers in the State to train and otherwise prepare women for nontraditional employment;

(B) award grants to service delivery areas that plan and demonstrate the ability to train, place, and retain women in nontraditional employment; and

(C) award grants to service delivery areas on the basis of exceptional performance in training, placing, and retaining women in nontraditional employment.

(2) Each State receiving financial assistance pursuant to subsection (c)(1)(A) may only award grants to—

(A) community based organizations,

(B) educational institutions, or

(C) other service providers,

that have demonstrated success in occupational skills training.

(3) Each State receiving financial assistance under this section shall ensure, to the extent possible, that grants are awarded for training, placing, and retaining women in growth occupations with increased wage potential.

(4) Each State receiving financial assistance pursuant to subsection (c)(1)(B) or (c)(1)(C) may only award grants to service delivery areas that have demonstrated ability or exceptional performance in training, placing, and retaining women in nontraditional employment that is not attributable or related to the activities of any service provider awarded funds under subsection (c)(1)(A).

(d) In any fiscal year in which a State receives a grant pursuant to this section such State may retain an amount not to exceed 10 percent of such grant to—

(1) pay administrative costs,

(2) facilitate the coordination of statewide approaches to training and placing women in nontraditional employment, or

(3) provide technical assistance to service providers.

(e) The Secretary shall provide for evaluation of the demonstration programs carried out pursuant to this section, including evaluation of the demonstration programs' effectiveness in—

(1) preparing women for nontraditional employment, and

(2) developing and replicating approaches to train and place women in nontraditional employment.

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### COOPERATIVE LABOR MARKET INFORMATION PROGRAM

SEC. 462. (a) * * *

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*(g)(1) The Secretary may engage in research, demonstration, or other activities, including activities that may be carried out be States, designed to determine the feasibility of various methods of organizing and making accessible nationwide information on the quarterly earnings for all individuals for whom such information is collected by the States.*

*(2) The Secretary shall submit a report to Congress based on the findings resulting from the activites described in paragraph (1) con-*

*cerning the costs and benefits of establishing and maintaining a national longitudinal data base utilizing unemployment insurance wage records. Such report shall also address the feasibility of establishing appropriate safeguards for maintaining the confidentiality of information and privacy of individuals.*

* * * * * * *

### NATIONAL OCCUPATIONAL INFORMATION COORDINATING COMMITTEE

SEC. 464. (a)(1) Of the amounts available for this part for each fiscal year, [not more than $5,000,000] *$6,000,000* is authorized to be reserved for the National Occupational Information Coordinating Committee (established pursuant to section 422 of the Carl D. Perkins Vocational Education Act).

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### *PART H—REPLICATION OF SUCCESSFUL PROGRAMS*

***SEC. 485. REPLICATION.***

*(a) REPLICATION PROGRAM AUTHORIZED.—The Secretary shall make competitive grants to public or private nonprofit organizations for technical assistance, and to States and service delivery areas for planning and program development, associated with the replication of successful programs under this part.*

*(b) AWARDS.—*

*(1) FACTORS.—In awarding grants for replication of successful programs to public or private nonprofit organizations, States, or service delivery areas under this part, the Secretary shall select programs that are likely to be successful in improving the employment prospects of economically disadvantaged youths and adults and are replicable on a large scale.*

*(2) CONSIDERATIONS.—In selecting such programs the Secretary shall consider—*

*(A) the size and scope of the program;*

*(B) the length of time that the program has been operating;*

*(C) the nature and reliability of measurable outcomes for the program;*

*(D) the capacity of the sponsoring organization to provide the technical assistance necessary for States and service delivery areas to replicate the program; and*

*(E) the likelihood that the program will be successful in diverse economic, geographic, and cultural environments.*

*(c) APPLICATIONS.—*

*(1) NONPROFIT ORGANIZATION.—Any public or private nonprofit organization with the capacity to provide the technical assistance necessary for program replication may submit an application to the Secretary at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require. Each such application shall describe the program proposed for replication and available evidence of the success of the program in improving the employment prospects of economically disadvantaged youths and adults.*

*(2) STATE; SERVICE DELIVERY AREA.—Any State or service delivery area desiring to receive a grant to participate in a replication effort shall submit an application to the Secretary at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require.*

*(d) GRANT LIMITATIONS.—*

*(1) LIMITATION.—In any 3-year period the Secretary shall not approve grants for the same replication activities in more than 10 States or communities. During this 3-year period, the results of such limited replication efforts shall be carefully evaluated and examined by the Secretary regarding the advisability of replicating the model program in more than 10 States or communities or for longer than 3 years.*

*(2) WAIVER.—The Secretary may waive the limitation set forth in paragraph (1) for a program if immediate replication efforts on a larger scale are warranted by extensive evaluation of the program prior to designation as a model program under this section.*

## *PART I—FAIR CHANCE YOUTH OPPORTUNITIES UNLIMITED PROGRAM*

### *SEC. 491. STATEMENT OF PURPOSE.*

*The purposes of this part include—*

*(1) ensuring access to education and job training for youth residing in high poverty areas of urban and rural communities;*

*(2) enabling communities with high concentrations of poverty to establish and meet goals for improving the opportunities available to youth within the community;*

*(3) making provisions for a comprehensive range of education, training, and employment services to disadvantaged youth who are not currently served or are underserved by Federal education and job training programs; and*

*(4) facilitating the coordination of comprehensive services to serve youth in such communities.*

### *SEC. 492. DEFINITIONS.*

*As used in this part:*

*(1) PARTICIPATING COMMUNITY.—The term "participating community" means a city in a metropolitan statistical area, the contiguous nonmetropolitan counties in a rural area, or a Native American Indian reservation or Alaska Native village, participating in the Fair Chance Youth Opportunities Unlimited Program established under this part.*

*(2) POVERTY AREA.—The term "poverty area" means an urban census tract, a nonmetropolitan county, a Native American Indian reservation, or an Alaska Native village, with a poverty rate of 30 percent or more, as determined by the Bureau of the Census.*

*(3) TARGET AREA.—The term "target area" means a poverty area or set of contiguous poverty areas that will be the focus of the Fair Chance Youth Opportunities Unlimited Program in a participating community.*

***SEC. 493. PROGRAM AUTHORIZED.***

*(a) PROGRAM ESTABLISHED.—The Secretary may establish a national program to provide Fair Chance Youth Opportunities Unlimited grants to service delivery areas to pay for the Federal share of providing comprehensive services to youth living in poverty areas in the cities and rural areas of the Nation.*

*(b) GRANTS.—*

*(1) GRANT RECEIPTS.—The Secretary shall award grants under this part—*

*(A) to the service delivery area (on behalf of the participating community) in which a target area is located; or*

*(B) in the case of a grant and involving the target area located on a Native American Indian reservation or Alaska Native village, to the grantee designated under subsection (c) or (d) of section 401.*

*(2) NUMBER.—*

*(A) IN GENERAL.—The Secretary may award not more than 25 grants in the first fiscal year that the program assisted under this part is authorized, and may award not more than a total of 40 grants over the first 5 fiscal years that the program assisted under this part is authorized.*

*(B) INDIAN RESERVATIONS AND ALASKA NATIVE VILLAGES.—In awarding grants under this part the Secretary shall award at least 1 grant, and not more than 3 grants, during the first 5 fiscal years that the program is assisted under this part to grantees designated under section 401 representing Native American Indian reservations and Alaska Native villages.*

*(c) GRANT TERM.—*

*(1) IN GENERAL.—Grants awarded under this part shall be for a 1-year period. Such a grant shall be renewable for each of the 2 succeeding fiscal years if the Secretary determines the grant recipient complied with conditions of the grant during the previous fiscal year.*

*(2) EXTENSION.—The Secretary may extend the renewal period set forth in paragraph (1) for an additional 2 fiscal years on reapplication.*

*(d) AWARD CRITERIA.—*

*(1) CONSIDERATION.— In awarding grants under this part, the Secretary shall consider the quality of the proposed project, the goals to be achieved by the project, the likelihood of the successful implementation of the project, and the extent of community support for the project.*

*(2) PRIORITY.—In awarding grants under this part, the Secretary shall give priority to participating communities with the highest rates of poverty.*

***SEC. 494. APPLICATION.***

*(a) ELIGIBILITY.—Participating communities that have the highest concentrations of poverty, as determined by the Secretary based on the latest census estimates, shall be eligible to apply for Fair Chance Youth Opportunities Unlimited grants.*

*(b) APPLICATION.—*

*(1) IN GENERAL.—Each participating community desiring a grant under this part shall, through the individuals described in subsection (c), submit an application to the Secretary at such time, in such manner and accompanied by such information as the Secretary may reasonably require.*

*(2) CONTENTS.—The application described in paragraph (1) shall—*

*(A) include a comprehensive plan for a Fair Chance Youth Opportunities Unlimited Program designed to achieve identifiable goals for youth in the target area;*

*(B) set forth measurable program goals, which may include increasing—*

*(i) the proportion of youths completing high school;*

*(ii) the proportion of youths entering into community colleges or other advanced training programs; or*

*(iii) the proportion of youths placed in jobs;*

*(C) include information on supporting goals for the target area, such as increasing security and safety, or reducing the number of drug-related arrests;*

*(D) provide assurances that the applicant will comply with the terms of the agreement described in section 495;*

*(E) provide an assurance that all youth in the target areas have access to a coordinated and comprehensive range of education and training opportunities that serve the broadest range of youth interests and needs and simultaneously mobilize the diverse range of education and training providers in the participating community;*

*(F) include information demonstrating the manner in which the participating community will make use of the resources, expertise, and commitment of institutions of higher education, educational agencies, and vocational and technical schools and institutes;*

*(G) demonstrate how the participating community will make use of the resources, expertise, and commitment of such programs and service providers as—*

*(i) community-based organizations providing vocational skills, literacy skills, remedial education, and general equivalency preparation, including community-based organizations serving youth with limited-English proficiency;*

*(ii) youth corps programs, including youth conservation and human service corps;*

*(iii) Job Corps centers;*

*(iv) apprenticeship programs; and*

*(v) other projects and programs funded under this Act;*

*(H) include an estimate of the expected number of youth in the target area to be served;*

*(I) include a description of the resources available in the participating community from private, local government, State, and Federal sources that will be used to achieve the goals of the program;*

*(J) include an estimate of funds required to ensure access to appropriate education, training, and support services for*

*all youth in the target area who seek such opportunities; and*

*(K) provide evidence of support for accomplishing the stated goals of the participating community from—*

*(i) local elected officials;*

*(ii) the local school board;*

*(iii) applicable private industry councils;*

*(iv) local community leaders;*

*(v) businesses;*

*(vi) labor organizations; and*

*(vii) other appropriate organizations.*

*(c) APPLICATION LIMITATION.—The application described in subsection (b) may only be submitted to the Secretary on behalf of a participating community by—*

*(1) in the case of a community comprised of a city in a metropolitan statistical area, the mayor, after the Governor of the State in which such city is located has had an opportunity to comment on the application;*

*(2) in the case of a community comprised of contiguous nonmetropolitan counties in a rural area, the Governor of the State in which the counties are located; or*

*(3) in the case of a community comprised of an Indian reservation or Alaska Native village, the grantee designated under section 401.*

### *SEC. 495. GRANT AGREEMENT.*

*(a) IN GENERAL.—Each service delivery area receiving a grant under this part on behalf of a participating community shall enter into an agreement with the Secretary.*

*(b) CONTENTS.—Each such agreement shall—*

*(1) designate a target area that will be the focus of the program assisted under this part and shall have a population of not more than 25,000;*

*(2) contain assurances that funds provided under this part will be used to support education, training, and supportive activities selected from a set of youth program models designated by the Secretary or from alternative models described in the application and approved by the Secretary, such as—*

*(A) nonresidential learning centers;*

*(B) alternative schools;*

*(C) combined activities including—*

*(i) summer remediation;*

*(ii) work experience and work readiness training; and*

*(iii) school-to-work, apprenticeship, or postsecondary eduation programs;*

*(D) teen parent programs;*

*(E) special programs run by community colleges;*

*(F) youth centers;*

*(G) initiatives aimed at increasing rural student enrollment in postsecondary institutions;*

*(H) public-private collaborations to assure private sector employment and continued learning opportunities for youth; and*

*(I) initiatives, such as youth corps programs, that combine community and youth service opportunities with education and training activities;*

*(3) provide that only youth who are age 14 through 21 and reside in the target area shall be eligible to participate in the program;*

*(4) contain assurances that the local educational agency and any other eduational agency that operates secondary schools in the target area shall provide such activities and resources as are necessary to achieve the educational goals specified in the application;*

*(5) contain assurances that the participating community will provide such activities and local resources as are necessary to achieve the goals specified in the application;*

*(6) provide that the participating community will carry out special efforts to establish coordination with Federal, State, or local programs that serve the target population; and*

*(7) provide assurances that funds provided under this part will be used only to pay the Federal share of the costs of programs and services not otherwise available in the target area and will supplement, and not supplant, funding from other local, State, and Federal sources available to youth in the target area.*

### *SEC. 496. PAYMENTS; FEDERAL SHARE.*

*(a) Payments.—The Secretary shall pay to each service delivery area having an application approved under section 494 the Federal share of the costs of the activities described in the application.*

*(b) Federal Share.—The Federal share of the costs shall be 50 percent for each fiscal year a service delivery area receives assistance under this part.*

*(c) Limitation.—Each service delivery area may provide not more than 50 percent of the non-Federal share of the costs from Federal sources other than funds received under this part.*

### *SEC. 497. REPORTING.*

*The Secretary is authorized to establish such reporting procedures as are necessary to carry out the purposes of this part.*

### *SEC. 498. FEDERAL RESPONSIBILITIES.*

*(a) In General.—The Secretary shall provide assistance to participating communities in implementing the projects assisted under this part.*

*(b) Independent Evaluation.—*

*(1) In general.—The Secretary shall provide for a thorough, independent evaluation of the Fair Chance Youth Opportunities Unlimited Program to assess the outcomes of youth participating in programs assisted under this part.*

*(2) Evaluation measures.—In conducting the evaluation described in paragraph (1) the Secretary shall include an assessment of—*

*(A) the impact of youth residing in target areas, including the rates of school completion, enrollment in advanced education or training, and employment of the youth;*

*(B) the extent to which participating communities fulfilled the goal of guaranteed access to appropriate education, training, and supportive services to all eligible youth residing in target areas who seek to participate;*

*(C) the effectiveness of guaranteed access to comprehensive services combined with outreach and recruitment efforts in enlisting the participation of previously unserved or underserved youth residing in target areas;*

*(D) the effectiveness of efforts to integrate service delivery in target areas, including systems of common intake, assessment, and case management; and*

*(E) the feasibility of extending guaranteed access to comprehensive education, training and support services for youth in all areas of the United States, including possible approaches to incremental extension of such access over time.*

*(c) REPORT.—The Secretary shall develop a report detailing the results of the independent evaluation described in subsection (b) and shall submit such report to the President and the appropriate committees of Congress not later than December 31, 1994, along with an analysis of expenditures made, results achieved, and problems in the operations and coordination of programs assisted under this part.*

*(d) RESERVATION OF FUNDS.—The Secretary may reserve not more than 10 percent of the amount appropriated under this part in each fiscal year to carry out this section.*

* * * * * * *

## [TITLE V—JOBS FOR EMPLOYABLE DEPENDENT INDIVIDUALS INCENTIVE BONUS PROGRAM

**[SEC. 501. STATEMENT OF PURPOSE.**

[It is the purpose of this title to entitle each State to the payment of a bonus for the successful job placement of certain employable dependent individuals.

**[SEC. 502. DEFINITIONS.**

[For the purpose of this title—

[(1) the term "welfare assistance" means—

[(A) cash payments made pursuant to part A of title IV of the Social Security Act (relating to the aid to families with dependent children program);

[(B) general welfare assistance to Indians, as provided pursuant to the Act of November 2, 1921 (25 U.S.C. (13)), commonly referred to as the Snyder Act; or

[(C) cash assistance and medical assistance for refugees made available pursuant to section 412(e) of the Immigration and Nationality Act;

[(2) the term "disability assistance" means benefits offered pursuant to title XVI of the Social Security Act (relating to the supplemental security income program);

[(3) the term "long-term recipient" means an individual who has received the benefits described in paragraphs (1) and (2) for

24 months during the 28-month period immediately preceding application for programs offered under this title;

[(4) the term "continuous employment" means gainful employment under which wages or salaries are reportable for unemployment insurance purposes, and such wages or salaries are earned during a total of 4 out of 5 consecutive calendar quarters;

[(5) the term "supported employment" has the meaning given such term by section 7(18) of the Rehabilitation Act of 1973; and

[(6) the term "Federal contribution" means the amount of the Federal component of cash payments to individuals within the participating State under the programs described in this section, including part A of title IV of the Social Security Act.

**[SEC. 503. ELIGIBILITY FOR INCENTIVE BONUSES.**

[(a) In General.—An individual shall be eligible to be counted for the purpose of this title if—

[(1) the individual is—

[(A) an eligible long-term recipient described in subsection (b);

[(B) an eligible young recipient described in subsection (c);

[(C) an eligible blind or disabled recipient described in subsection (d); or

[(D) an eligible young blind or disabled recipient described in subsection (e); and

[(2) the individual has met the requirements of section 504.

[(b) Long-Term Recipient.—An eligible long-term recipient is an individual who—

[(1) is a long-term recipient of welfare assistance;

[(2) is the head of a household; and

[(3) had no marketable or significant work experience during the year preceding determination of eligibility for programs under this Act.

[(c) Young Recipient.—An eligible young recipient is an individual who—

[(1) is receiving welfare assistance at the time determination of eligibility is made for programs under this Act;

[(2) is the head of a household;

[(3) has not attained 22 years of age;

[(4) has not completed secondary school or its equivalent; and

[(5) had no marketable or significant work experience during the year preceding determination of eligibility for programs under this Act.

[(d) Blind or Disabled Recipient.—An eligible blind or disabled recipient is an individual who—

[(1) is blind or disabled;

[(2) is a long-term recipient of disability assistance; and

[(3) had no marketable or significant work experience during the year preceding determination of eligibility for programs offered under this Act.

[(e) Young Blind or Disabled Recipient.—An eligible young blind or disabled recipient is an individual who—

[(1) is blind or disabled;

[(2) is receiving disability assistance at the time determination of eligibility is made for programs under this Act;

[(3) has not attained 22 years of age; and

[(4) had no marketable or significant work experience during the year preceding such determination of eligibility.

### [SEC 504. ADDITIONAL ELIGIBILITY REQUIREMENTS.

[(a) In General.—An individual described in section 503 may not be considered eligible to be counted for the purpose of payment of an incentive bonus under this title unless such individual—

[(1) has successfully participated in education, training, or other activities offered under this Act;

[(2) has been placed in (A) unsubsidized, continuous employment or (B) supported employment following such participating;

[(3) receives from such employment a wage or income which is greater than or equal to such individual's placement bonus base; and

[(4) no longer receives cash benefits provided under the assistance programs described in paragraphs (1) and (2) of section 502, unless receipt of such benefits—

[(A) is limited to 1 calendar quarter (or an equivalent period) during the 5 calendar quarters used to determine continuous employment; and

[(B) is caused by a termination of employment due to—

[(i) a layoff or permanent closure of a plant or facility;

[(ii) a relocation of Federal facilities; or

[(iii) a natural disaster.

[(b) Qualified Earnings.—An individual shall be considered to be earning a wage or income which meets the requirements of subsection (a)(3) if, during a period of continuous employment, the individual earns an income reportable for unemployment insurance purposes and does not receive cash benefits under the programs described in section 502.

[(c) Educational Requirements.—An individual described in section 503 (c) or (e) shall be considered to have met the requirements of subsection (a)(1) if the individual no longer receives welfare assistance and—

[(1) reenrolls in seconday school or its equivalent and matriculates to the next grade level or its equivalent within 1 year of enrollment;

[(2) enrolls in an accredited vocational or technical school not less than full time and is making satisfactory progress in a course of study which can reasonably be expected to lead to employment; or

[(3) obtains the equivalent of a secondary school diploma within 12 months following the individual's determination of eligibility for programs offered under this title.

**[SEC. 505. AMOUNT OF INCENTIVE BONUS.**

[(a) In General.—The amount of the incentive bonus paid to each State shall be equal to the sum of—

[(1) 75 percent of the placement bonus base for each successful placement in employment of an individual described in section 503;

[(2) 75 percent of the placement bonus base for the second continuous year of such employment; and

[(3) 75 percent of the placement bonus base for the third continuous year of such employment,

in excess of the number of such placements made in program year 1987 or such other base period as provided by agreement between the Governor and the Secretary.

[(b) Placement Bonus Base for Purposes of Section 503 (b) and (c).—For the purpose of this section, the placement bonus base—

[(1) for an individual who qualifies under section 503(b) is equal to the sum of the Federal contribution to amounts received by the individual and the family of such individual under a State plan approved under part A of title IV of the Social Security Act, relating to aid to families with dependent children, or under section 412(e) of the Immigration and Nationality Act, relating to cash assistance and medical assistance to refugees, or both, for the 2 fiscal years prior to the determination made under section 503 divided by 2; and

[(2) for an individual who qualifies under section 503(c) shall be the annual amount to which such individual would have been entitled for 1 year at the time of the determination of eligibility of the individual, if such individual has not received the benefits described in section 502(1)(A) for the prior year, under part A of title IV of the Social Security Act, relating to the aid to families with dependent children program, or section 412(e) of the Immigration and Nationally Act relating to cash assistance and medical assistance to refugees.

[(c) Placement Bonuse Base for Purposes of Section 503 (d) and (e).—For the purpose of this section, the placement bonus base—

[(1) for an individual who qualifies under section 503(d) is equal to the sum of the Federal contribution to amounts received by the individual under title XVI of the Social Security Act relating to supplemental security income for the 2 fiscal years prior to the determination made under section 503 divided by 2; and

[(2) for an individual who qualifies under section 503(e) shall be the annual amount to which such individual would have been entitled for 1 year at the time of the determination of eligibility of the individual, if such individual has not received the benefits described in section 502(2) for the prior year under title XVI of the Social Security Act, relating to supplemental security income.

**[SEC. 506. APPLICATIONS AND VERIFICATION REQUIRED.**

[(a) Notice of Intent to Participate.—Any State seeking to participate in the incentive bonus program established under this title shall notify the Secretary of its intent to do so not later than 30 dyas before the beginning of its first program year of participation.

[(b) Application.—(1) Any State seeking to receive an incentive bonus under this title shall submit an application to the Secretary. Such application shall contain or be accompanied by such information and assurances as the Secretary may reasonably require in order to ensure compliance with this title. Each application shall contain, at a minimum—

[(A) the placement bonus base for eligible individuals who serve to qualify the State for an incentive bonus; and

[(B)(i) a brief description of the unsubsidized employment or supported employment of such individuals; or

[(ii) a description of participation in educational activities, as permitted under section 504, by such individuals

[(2) The application to participate in the incentive bonus program shall be submitted to the Secretary according to a schedule established by the Secretary in order to facilitate and expedite the processing, verification, and prompt payment of incentive bonuses.

[(c) Notice of Approval or Denial.—The Secretary shall inform a State within 60 days after receipt of the application as to whether or not its application has been approved. The Secretary may not approve an application for payment of an incentive bonus without adequately verifying the accuracy of the information contained in the application. There shall be a rebuttable presumption that an individual is eligible to be counted for the purpose of payment of an incentive bonus under this title. When appropriate, the Secretary may use a sampling methodology for such verifications in a manner approved by the Comptroller General of the United States.

[(d) Service Delivery Area Participation.—Participation by a State in the incentive bonus program established under this title shall not prevent any service delivery area within the State from refusing to participate in such program.

### [SEC. 507. PAYMENTS.

[(a) In General.—For each program year for which funds are appropriated to carry out this title, the Secretary shall pay to each participating State the amount that State is eligible to receive under this section.

[(b) Ratable Reductions.—If the amount so appropriated is not sufficient to pay to each State the amount each State is eligible to receive, the Secretary shall ratably reduce the amount paid to each State.

[(c) Ratable Increases.—If any additional amount is made available for carrying out this title for any program year after the applicaton of the preceding sentence, such additional amount shall be allocated among the States by increasing such payments in the same manner as they were reduced, except that no such State shall be paid an amount which exceeds the amount which it is eligible to receive under this section.

### [SEC. 508. USE OF INCENTIVE BONUS FUNDS.

[(a) Use of Incentive Bonus Funds.—After submission and approval of an application for an incentive bonus payment and before receipt of such payment, the Governor of such State may reserve from State funds an amount equal to the amount of a bonus incentive requested in the application for the purpose of making expenditures in accordance with this title. Bonus payments received thereafter may be used for reimbursement of such expenditures.

[(b) LIMITATIONS.—(1)(A) During any program year, the Governor may use an amount not to exceed 15 percent of the State's total bonus payments or amounts reserved under subsection (a) for administrative costs incurred under this title, including data and information collection and compilation, recordkeeping, or the preparation of applications for incentive bonuses.

[(B) The amount of incentive bonus payments or the amounts reserved under subsection (a) which remain after the deduction of administrative expenses under paragraph (1) shall be distributed to service delivery areas within the State in accordance with an agreement between the Governor and representatives of such areas. Such agreement shall reflect an equitable method of distribution which is based on the degree to which the efforts of such area contributed to the State's qualification for an incentive bonus payment under this title.

[(2)(A) Subject to subparagraph (B), a maximum of 10 percent of the amounts received under this title in any program year by each service delivery area may be used for the administrative costs of establishing and maintaining systems necessary for operation of programs under this title, including incentive payments described in subsection (c), technical assistance, data and information collection and compilation, management information systems, post-program followup activities, and research and evaluation activities. The balance of funds not so expended shall be used for activities similar to activities described in section 204.

[(B) If a service delivery area determines that administrative costs under this title will exceed the 10 percent administrative allocation, such area may use an additional 5 percent allocation of bonus payments or amounts reserved under subsection (a) for such activities if such area demonstrates to the Governor that the administering agency in the area needs additional funds to continue administrative activities under this title.

[(c) INCENTIVE PAYMENTS TO SERVICE PROVIDERS.—Each service delivery area may make incentive payments to service providers within its service delivery area, including participating State and local agencies, and community-based organizations, that demonstrate effectiveness in delivering employment and training services to individuals such as those described in section 503.

[(d) APPLICATION OF SECTION RELATING TO ADMINISTRATIVE ADJUDICATIONS.— Section 166 of this Act, relating to administrative adjudication, shall apply to the distribution of incentive bonus payments under this section.

### [SEC. 509. INFORMATION AND DATA COLLECTION.

[(a) TECHNICAL ASSISTANCE.—In order to facilitate the collection, exchange, and compilation of data and information required by this title, the Secretary shall, within 90 days after the date of enactment of this title, begin providing, on an ongoing basis, technical assistance to the States. Such assistance shall include, at a minimum, cost-effective methods for using State and Fedeal records to which the Secretary has lawful access.

[(b) Regulations.—The Secretary, the Secretary of Health and Human Services, and the Secretary of the Interior jointly shall issue regulations regarding the sharing, among States participating in the programs under this title, of the data and information necessary to fulfill the requirements of this title. Such regulations shall provide for—

[(1) the maintenance of confidentiality of the information so shared, in accordance with Federal and State privacy laws; and

[(2) penalties for any violation of such regulation.

[(c) Annual Survey.—The Secretary shall conduct an annual survey of States participating in programs under this title and shall report to the Congress concerning—

[(1) the success of such States in gathering the data and information required under this title; and

[(2) methods for improving and refining the ability of such States to gather the data and information required under this title.

### [SEC. 510. START-UP COSTS.

[(a) Application.—Before notifying the Secretary of an intent to participate in the incentive bonus program established under this title, a State may apply to the Secretary for financial assistance in accordance with this section. Such application shall be submitted to the Secretary not later than 120 days before the beginning of the program year.

[(b) Contents.—Applications submitted under this section shall contain such information as the Secretary may reasonably require.

[(c) Determinations of Awards.—(1) The Secretary shall determine the amounts to be awarded based on the need demonstrated in the application submitted by the State.

[(2) The Secretary shall notify the State of the determination made under this section no later than 60 days after receiving such State's application.

[(3)(A) Funds received by a State under this section shall be available for expenditure for the first 2 program years of such State's participation under this title, beginning with the program year following the program year in which a determination under this section is made. Expenditure of such funds (or any portion thereof) shall be considered an agreement by the State to participate in accordance with this title for a period of not less than 2 consecutive program years, beginning with the first program year in which such funds become available for expenditure.

[(B) Funds awarded to the State which remain unexpended at the end of such 2 program years shall be reallocated by the Secretay to other participating States.

[(C) Funds received under this section by the State shall be used for activities such as those described in section 508(b) and for higher costs incurred in overcoming the substantial barriers to employment experienced by individuals eligible under this title.

[(d) Allocation.—Funds received under this section may be allocated to State agencies or service delivery areas within the State for expenditure in accordance with this title.

[(e) Notice of Proposed Rulemaking.—Not later than 3 months after the date of the enactment of this title, the Secretary shall issue a notice of proposed rulemaking with respect to this title and shall allow not less than 60 days for public comment. Final regulations shall be issued not later than 7 months following such date of enactment.

### [SEC. 51. EVALUATION AND PERFORMANCE STANDARDS.

[(a) Evaluation.—The Secretary shall conduct or provide for an evaluation of the incentive bonus program authorized under this title. The Secretary shall consider—

[(1) whether the program results in increased service under this Act to long-term welfare recipients and other hard-to-serve individuals;

[(2) whether the program results in sustained employment of such welfare recipients and individuals, with resultant welfare and other cost savings to the Federal Government;

[(3) whether the program is administratively feasible and cost effective;

[(4) whether the services provided to other eligible particpants under part A of title II are affected by the implementation and operation of the incentive bonus program; and

[(5) such other factors as the Secretary deems appropriate.

[(b) Report to Congress.—Not later than January 1, 1996, the Secretaty shall report to the Congress on the effectiveness of the incentive bonus program authorized under this title. Such report shall include an analysis of the costs of such program and the results of such activities.

[(c) Performance Standard.—The Secretary shall establish a performance standard which weights [1] performance outcomes under this title to reflect the higher costs incurred in overcoming the substantial barriers to employment experienced by individuals eligible under this title. Not later than 2 years after the first program year, the Secretary shall prepare and submit to the Congress a report on the effect of such standard.]

## *TITLE V—JOBS FOR EMPLOYABLE DEPENDENT INDIVIDUALS INCENTIVE BONUS PROGRAM*

### *SEC. 501. STATEMENT OF PURPOSE.*

*It is the purpose of this title to provide incentives to reduce welfare dependency, promote self-sufficiency, increase child support payments, and increase employment and earnings of individuals by providing to each participating State a bonus for providing job training to—*

*(1) absent parents of children receiving aid to families with dependent children under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), who subsequent to such training pay child support for their children; and*

*(2) blind or disabled individuals receiving supplemental security income under title XVI of the Social Security Act (42 U.S.C. 1381 et seq.), who subsequent to such training are successfully placed in and retain employment.*

### *SEC. 502. PAYMENTS.*

*(a) In General.—For each program year for which funds are appropriated to carry out this title, the Secretary shall pay to each participating State the amount that State is eligible to receive under this title.*

*(b) Ratable Reductions.—If the amount so appropriated is not sufficient to pay each State the amount each State is eligible to receive, the Secretary shall ratably reduce the amount paid to each State.*

*(c) Ratable Increases.—If any additional amount is made available for carrying out this title for any program year after the application of subsection (b), such additional amount shall be allocated among the States by increasing such payments in the same manner as they were reduced, except that no such State shall be paid an amount that exceeds the amount that the State is eligible to receive under this title.*

### *SEC. 503. AMOUNT OF INCENTIVE BONUS.*

*The amount of the incentive bonus paid to each State shall be the sum of—*

*(1) an amount equal to the total of the amounts of child support paid by each individual eligible under section 506(1) within the State, for up to 2 years after the termination of the individual from activities provided under this Act; and*

*(2) an amount equal to the total reduction in the Federal contribution to the amounts received under title XVI of the Social Security Act (42 U.S.C. 1381 et seq.) by each individual eligible under section 506(2) within the State, for up to 2 years after the termination of the individual from activities provided under this Act.*

### *SEC. 504. USE OF INCENTIVE BONUS FUNDS.*

*(a) In General.—*

*(1) Allocation.—*

*(A) Administrative costs.—During any program year, the Governor may use an amount not to exceed 15 percent of the total bonus payments of a State for administrative costs incurred under this title, including data and information collection and compilation, recordkeeping, or the preparation of applications for incentive bonuses.*

*(B) Distribution of payments.—The amount of incentive bonus payments that remain after the deduction of administrative costs under subparagraph (A) shall be distributed to service delivery areas and Job Corps centers within the State in accordance with an agreement between the Governor and representatives of such areas and centers. Such agreement shall reflect an equitable method of distribution that is based on the degree to which the efforts of such area or center contributed to the qualification of the State for an incentive bonus payment under this title.*

*(2) Special rule.—Not more than 10 percent of the amounts received under this title in any program year by each service delivery area and Job Corps center may be used for the administrative costs of establishing and maintaining systems necessary for operation of programs under this title, including the costs of*

*providing incentive payments described in subsection (b), technical assistance, data and information collection and compilation, management information systems, post-program followup activities, and research and evaluation activities. The balance of funds not so expended shall be used by each service area for activities described in sections 204 and 264, and by each Job Corps center for activities authorized under part B of title IV.*

*(b) Incentive Payments to Service Providers.—Each service delivery area or Job Corps center may make incentive payments to service providers, including participating State and local agencies, and community-based organizations, that demonstrate effectiveness in delivering employment and training services to individuals such as those described in section 506.*

*(c) Application of Section Relating to Administrative Adjudications.—Section 166 (relating to administrative adjudication) shall apply to the distribution of incentive bonus payments under this section.*

### *SEC. 505. NOTICE AND APPLICATION.*

*(a) Notice of Intent To Participate.—Any State seeking to participate in the incentive bonus program established under this title shall notify the Secretary of the intent of the State to participate not later than 30 days before the beginning of the first program year of participation.*

*(b) Application.—*

*(1) In general.—Any State seeking to receive an incentive bonus under this title shall submit an application to the Secretary at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require in order to ensure comliance with this title.*

*(2) Contents.—Each application shall contain, at a minimum—*

*(A) a list of the eligible individuals in the State who satisfied the requirements of section 506 during the program year;*

*(B) the amount of the incentive bonus attributable to each eligible individual and due the State under section 503; and*

*(C) certification that documentation is available to verify the eligibility of participants and the amount of the incentive bonus claimed by the State.*

*(c) Notice of approval or denial.—The Secretary shall promptly inform a State after receipt of the application as to whether or not the application of the State has been approved.*

### *SEC. 506. ELIGIBILITY FOR INCENTIVE BONUSES.*

*An individual shall be eligible to participate in a program established under this title if—*

*(1) the individual—*

*(A) is an absent parent of any child receiving aid to families with dependent children under part A of title IV of the Social Security Act at the time such individual was determined to be eligible to participate in activities provided under this Act;*

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(B) has participated in education, training or other activities (including the Job Corps) provided under this Act; and

(C) pays child support for a child specified in subparagraph (A) following termination from activities provided under this Act; or

(2) the individual—

(A) is blind or disabled;

(B) was receiving benefits under title XVI of the Social Security Act (relating to supplemental security income) at the time such individual was determined to be eligible to participate in activities under this Act;

(C) has participated in education, training, or other activities (including the Job Corps) provided under this Act; and

(D) earns from employment a wage or income.

### SEC. 507. INFORMATION AND DATA COLLECTION.

(a) TECHNICAL ASSISTANCE.—In order to facilitate the collection exchange, and compilation of data and information required by this title, the Secretary is authorized to provide technical assistance to the States. Such assistance may include cost-effective methods for using State and Federal records to which the Secretary has lawful access.

(b) JOINT REGULATIONS—

(1) IN GENERAL.—The Secretary and the Secretary of Health and Human Services, shall jointly issue regulations regarding the sharing amont public agencies participating in the programs assisted under this title of the data and information necessary to fulfill the requirements of this title.

(2) SUBJECTS.—Such regulations shall ensure—

(A) the availability of information necessary to verify the eligibility of participants and the amount of the incentive bonus payable; and

(B) the maintenance of confidentiality of the information so shared in accordance with Federal and State privacy laws.

### SEC. 508. EVALUATION AND REPORT.

(a) EVALUATION.—

(1) IN GENERAL.—The Secretary shall conduct or provide for an evaluation of the incentive bonus program assisted under this title.

(2) CONSIDERATIONS.—The Secretary shall consider—

(A) whether the program results in increased service under this Act to absent parents of children receiving aid to families with dependent children under part A of title IV of the Social Security Act and to recipients of supplemental security income under title XVI of the Social Security Act;

(B) whether the program results in increased child support payments;

(C) whether the program is administratively feasible and cost effective;

*(D) whether the services provided to other eligible participants under part A of title II are affected by the implementation and operation of the incentive bonus program; and*

*(E) such other factors as the Secretary determines to be appropriate.*

*(b) REPORT TO CONGRESS.—Not later than January 1, 1997, the Secretary shall submit a report to the appropriate committees of the Congress on the effectiveness of the incentive bonus program assisted under this title. Such report shall include an analysis of the costs of such program and the results of program activities.*

***SEC. 509. IMPLEMENTING REGULATIONS.***

*The Secretary shall promulgate regulations implementing this title not later than January 31, 1993.*

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## FOOD STAMP ACT OF 1977

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SEC. 5. * * *

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(l) Nothwithstanding section 142(b) of the Job Training Partnership Act (29 U.S.C. 1552(b)), earnings to individuals participating in on-the-job training programs under section [204(5)] *204(b)(1)(C)* of the Job Training Partnership Act [(29 U.S.C. 1604(5))] shall be considered earned income for purposes of the food stamp program, except for dependents less than 19 years of age.

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